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Central Eurasia

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Central Asian Republics Seek Economic Merger

LD0908093994 Moscow Russian Television Network in Russian 0400 GMT 9 Aug 94

[From the "Time for Business People" program]

[Text] The governments of three republics—Kazakhstan, Kyrgyzstan, and Uzbekistan—are trying to set up a new center of economic integration in the CIS. The countries are prepared to coordinate their economic reforms and to sell each others' shares. The procedure for setting up a Central Asian bank has been confirmed at a routine session of the interstate council.

The motivation for this merger stems from a desire to compensate for the unsuccessful attempts by Kazakhstan and Uzbekistan to enter the ruble zone. However, there is not yet any official decision on the question of a currency union among these countries.

CIS Countries' Gas Debt Nears R3 Trillion

LD0908103394 Moscow ITAR-TASS in English 0952 GMT 9 Aug 94

[Text] Moscow August 9 TASS—Former soviet republics cannot pay for Russian gas supplied to them: the total sum of debts is edging up on 3,000 billion rubles. In the opinion of the Gazprom joint stock society which is in charge of gas supplies to foreign countries, the situation will not change in the near future.

Vladimir Podmarkov, a high-ranking official of the Gazprom company, told ITAR-TASS on Tuesday that "Ukraine, as before, remains the biggest debtor.

"Despite constant talks at all levels, the situation, far from improving, is deteriorating: while the debt totalled 1,000 billion rubles at the beginning of the year, it topped 2,000 billion now".

True, some signs of optimism emerged in the first quarter: the republic transferred 100 million U.S. dollars promised to Gazprom earlier. However, subsequent payments became very insignificant.

The situation with payments for gas is no better with other former soviet republics. Byelorussia [Belarus] which accurately paid for current gas supplies, without footing the last year's debt of 400 billion rubles, "managed" to bring it 700 billion rubles by this August.

Gazprom was forced to warn again the governments of the above republics of possible cuts in gas supplies. Moldavia [Moldova] was also unable to pay its debts. As a result, gas supplies to the republic were cut.

According to Podmarkov, the Baltic countries are the only diligent payers. Incidentally, our fellow countrymen "help" them to do this. The matter is that Russian businessmen "provided" the Baltics with cheap fuel oil by hook or by crook. As a result, the Baltic countries cut their consumption of more expensive gas, saving on hard currency. The Russian state stood to lose from such operations.

Nevertheless, Russia honestly meets its obligations on gas supplies under this situation. In compliance with a bilateral protocol signed last April, Russia daily exports 630 million cubic meters of gas to Ukraine, enabling that country to set off slashed gas deliveries from Turkmenia which diminished its supplies for non-payment of debts by Ukrainian partners.

An increase in gas supplies to Ukraine enables Russia to maintain gas export to western Europe at an acceptable level of 260 million cubic meters.

Gazprom Threatens To Reduce Gas to Ukraine, Belarus

LD0908091994 Moscow ITAR-TASS World Service in Russian 0638 GMT 9 Aug 94

[By BUSINESS-TASS correspondent Andrey Chekalov]

[Text] Moscow, 9 Aug (ITAR-TASS)—The management of the Russian joint-stock company Gazprom has again sent telegrams to the governments of Ukraine and Belarus, warning of the possibility of new reductions in supplies of gas for these republics' domestic needs. BUSINESS-TASS was told today at the company's Central Production Despatch Directorate that even Gazprom views this move as symbolic—as before, the two republics have no money to spare. Besides, "it is a hot summer outside, gas usage is minimal, and consumers are not too bothered by announcements like this." The long-running dispute is more likely to heat up for winter and spring next year, Gazprom thinks.

According to the Directorate, in recent months gas supplies and the accumulation of winter reserves have proceeded at a somewhat quicker rate than planned. Gazprom pumps over 630 million cubic meters of gas a day across the Russia-Ukraine border, of which 55 million cubic meters (instead of the usual 80 million) is from Turkmenistan. Increased supplies of Russian gas to Ukrainian territory, partly to make up for reduced supplies from Turkmenistan, are currently maintaining exports to western Europe at an acceptable level—260 million cubic meters a day.

Belarus receives 26 million cubic meters of gas a day, the Directorate said.

ITAR-TASS Carries Press Review for 9 Aug 94

LD0908063094 Moscow ITAR-TASS in English 0613 GMT 9 Aug 94

["Press Review"—ITAR-TASS headline]

[Text] Moscow August 9 (ITAR-TASS)—Today's Russian Newspapers focus on the situation in Chechnya. In the opinion of ROSSIYSKAYA GAZETA, the situation in that republic does not give any hope for a positive change.

TRUD runs an interview with Chechen President Dzhokhar Dudayev who told the newspaper that his people in the Kremlin who "work reliably and efficiently", supplied him with exact information about a Sunday meeting between the Russian President Yeltsin, Defence Minister Grachev and Interior Minister Yerin who demanded that troops should be dispatched to Chechnya.

Dudayev called head of the Russian president's office Sergey Filatov "the mastermind of the anti-Chechen plot", who, now using Chechnya as a testing ground, "improves a version to be used to overthrow Yeltsin this autumn".

"His calculations are simple: At first to prod the president towards poorly thought-out decisions on Chechnya, then draw him into a bloody bath in the north Caucasus. Then, it will be possible to accuse him of incompetence and inability to settle the problem politically," Dudayev claimed.

Following the interview, the newspaper contacted the press services of the foreign intelligence and counterintelligence services as well as of the Ministries of Defence and Internal Affairs, which told him unanimously that they have not been engaged and will not be engaged in any operations in Chechnya.

They stressed that Ministers Grachev and Yerin could not meet the president, since the first is now on leave in the Caucases and the second was in St. Petersburg at the Goodwill Games on that day. Interior Ministry spokesman Leonid Golovanov said sarcastically that "Dudayev's informers fool their chief".

The NEZAVISIMAYA GAZETA newspaper notes that, according to reports from its informer from the Chechen Capital Groznyy, a movement calling itself Anti-Dudayev Opposition "does not display any visible signs of struggle for power".

The KRASNAYA ZVEZDA army newspaper prints, in a clear-cut military way, data on the number of tanks, armoured personnel carriers and other weaponry left in Chechnya when Russian troops were withdrawn from there two years ago.

It is difficult to say how weapons and armour are divided between Dudayev's guards and opposition detachments. According to information available to KRASNAYA ZVEZDA, there is a relative balance in this respect.

The IZVESTIYA newspaper draws a conclusion based on numerous interviews taken in Groznyy that "nobody knows chairman of the provisional council Umar Avturkhanov in Chechnya.

"The general opinion is as follows: The provisional council chairman on whom Moscow banks, enjoys support of only his relatives and a few fellow countrymen in the republic."

The dissatisfaction with Dudayev's regime, which is not concealed by many people, the newspaper continues, "does not mean a sympathetic attitude to Avturkhanov, that is there is no mass readiness for revolutionary actions".

Examining the prospect for a withdrawal of the 14th Russian Army from Moldavia, the ROSSIYSKAYA GAZETA newspaper notes that the breakaway Dniester republic expressed claims for the army's military property long ago.

"It is an easy guess," the newspaper writes, "what will result out of its uncontrolled seizure. Periods of military conflicts have shown that weapons from flash points have a trend for spreading to the entire space of the former Soviet Union. Powerful criminal mobs stand behind this chaotic, as it were, proliferation."

IZVESTIYA carries an interview with chairman of the Moldavian Agrarian Democratic Party Dumitru Motspan on the situation in the republic. He claims that it is impossible to withdraw the 14th Russian Army from Moldavia completely and that the point in question is to halve the peace-keeping contingent.

Spelling out the position of his party, Motspan writes: "We cannot join either Romania, or Russia, or still Ukraine. Moldova has the right to exist as an independent state and intends to abide by neutrality, remaining outside any political and military blocs".

The PRAVDA and SOVETSKAYA ROSSIYA newspapers print a statement by the executive committee of the Trudovaya Rossia Movement, demanding that a U.S.-Russian exercise at the Totskiy Proving Ground be cancelled. Under the statement, SOVETSKAYA ROSSIYA prints a list to collect signatures of those who want to join this demand.

Writing in NEZAVISIMAYA GAZETA, Rear Admiral Valeriy Aleksin notes that Russian warships bought by other countries over the past 25 years repeatedly participated in various regional war conflicts.

The victory at sea was won by the side which had Soviet weaponry. The rear admiral draws the conclusion: The U.S. Navy has no overwhelming superiority in the quality of its ships and weapons.

The KOMSOMOLSKAYA PRAVDA newspaper features an exclusive interview with Aleksandr Bespalov, chief of the foreign intelligence service of the federal border service, who said that his department is engaged in tactical intelligence.

However, the service does not spurn down information of strategic nature, of course, only for the purpose of protecting Russian borders.

SOVETSKAYA ROSSIYA features an article by Viktor Alksnis, a former Soviet legislator, on growing integration processes on the territory of the former Soviet Union, as a result of which the question of reunification of a single state is coming to the foreground.

All newspapers report the disaster in Bashkiria where the dam of the Tirlyansky water reservoir burst, resulting in the loss of human life. They also print materials in connection with the death of author Leonid Leonov, describe the situation at the MMM joint stock society in connection with the prolongation of a custody term for its chairman Sergey Mavrodi who was detained by law enforcement bodies.

U.S. Approach To Peacekeeping Role Viewed

MM0508145194 Moscow KRASNAYA ZVEZDA in Russian 3 Aug 94 p 3

[Article by Candidate of Historical Sciences I. Zhinkina: "Peacekeeping American-style"]

[Text] People are currently painfully aware of the peacekeeping experience of the United Nations and other international institutions and individual states. The failure to settle the armed conflict in the former Yugoslavia and indeed the difficulties which Russia has come up against in its own peacekeeping operations prompt this in particular.

The UN Charter does not say what constitutes peacekeeping actions and so, for practical purposes, the following NATO-formulated definition is used: Peacekeeping operations are the use of a multinational military contingent, armed or unarmed, under the leadership of an international command and with the agreement of the sides to give help in carrying out monitoring and settling a conflict between warring states or among parts of states. This approach to peacekeeping lies at the heart of U.S. policy in this sphere too. Furthermore, it is fleshed out in a number of official documents. For example, the annual report of the defense secretary and the chairman of the Joint Chiefs of Staff to the President and Congress, as well as in U.S. Armed Forces Regulations.

The Americans categorize peacekeeping operations as low-intensity conflicts, and divide them into four categories: maintaining peace, establishing peace, reestablishing peace, and enforcing peace. The last does not rule out the use of heavy weapons, which does not yet accord with the previously adopted UN rules.

It is indicative that humanitarian aid and peacekeeping actions are seen by the U.S. military-political leadership as a new aspect of the country's military strategy. It is believed that these, together with other spheres of military policy, will specifically form a new world order, under which the U.S. security will be strengthened and which will ensure that American interests are pursued in various regions of the world.

A characteristic feature of the American concept of peacekeeping is its pragmatism. On the one hand, U.S. laws enable the country's armed forces to participate in UN peacekeeping operations on condition that the United Nations bears the actual cost itself. But even in those cases, the United States does not transfer its powers to anyone else in terms of employing U.S. military contingents. In close collaboration with the State Department, the Pentagon provides logistical support, and, particularly important, planning for such operations.

On the other hand, pragmatism in this sphere means that the Americans do not set themselves unattainable, albeit noble tasks—helping all those fighting for the triumph of the ideas of good, justice, and humanity. They have a selective attitude. In some cases the United States resolutely and rapidly gets involved in settling conflicts, while in other cases it bides its time. Priorities are set depending on the geostrategic significance of the target of an operation, the situation in a region, the prospects of maintaining or extending influence in the world, and the possibilities of influencing, by various means including military means the policy of a state, the course of events, and the settlement of conflict situations on terms favorable to the United States itself.

Indeed, their interest is assessed in terms not only of the direct material advantage of expanding an American presence but also the nonmaterial constituents of the national might—authority and prestige. In the final analysis, they also bring in their wake additional economic, political, and direct military possibilities. The increased prestige creates favorable preconditions for involving the United States in settling other problems and for successful participation in new disputes and conflicts, where the stakes are considerably higher. And conversely, failures (as in Somalia) diminish authority, narrow the sphere of activity, increase the risk, and make it imperative to either get drawn further into the conflict (as a result of which the cost increases) or else to give up the peacekeeping mission, which has a painful effect on the national pride and immediately generates additional differences of opinion within the country.

The priority in American interests in settling questions of peacekeeping policy is also displayed in refusals to participate in collective actions—even following a UN decision—which do not correspond to U.S. foreign policy aims. President Clinton has asserted that in principle he approves cooperation and a collective attitude in international affairs, but only insofar as this corresponds to the interests of U.S. national security. Otherwise the United States prefers to operate autonomously and does not recognize the priority of international organs and settlements over national, American ones. Linking the official repeal of the embargo on weapons supplies to the Bosnian Muslims with the UN stance on this question is an exception to this rule and can only be explained by the big risk involved in taking individual responsibility for the spread of war in the Balkans, accompanied by an increasing possibility of failure and, in this case, a loss of control over the Muslim-Croat alliance and the development of the situation as a whole.

At this point it would be appropriate to recall the principle of neutrality and impartiality recognized in the United Nations. For the Americans, it would appear, it is of secondary significance, and putting an end to a conflict and reconciling the sides is not an end in itself at all in American policy. The main thing is the terms of the settlement and the degree to which they correspond to American interests and aims.

The American approach to peacekeeping operations presupposes flexibility in the choice of forms and methods of action and in determining the scale of manpower and resources to be put into operation. It must be emphasized in particular that the participation of military forces in peacekeeping operations is subordinate to foreign policy tasks, and the role of coercive means is by and large only to support political-diplomatic tasks. Proceeding from this premise, American politicians have deemed unity in all endeavors being undertaken as the most important principle in conducting peacekeeping actions, side by side with their legitimacy, consistency, steadfastness, and effect in ensuring their own country's security.

By and large, the peacekeeping experience acquired by the United States testifies to close, dynamic, and flexible coordination among all the state organs responsible for conducting peacekeeping operations, primarily foreign policy and military operations. In this respect, the American approach is more mature as compared with the Russian approach.

The mechanism for elaborating and adopting decisions on questions of peacekeeping activity is still fragmentary and insufficiently well-oiled here. This can be attributed to the difficulties of establishing new state structures. However, now is the time to worry about basic problems involved in improving the mechanism for the elaboration and adoption of decisions at top and medium levels of executive and legislative power, and about general problems, as well as the problems specific to each region which lie at the heart of armed conflicts. Judging by the nature of articles in the press, peacekeeping problems seem to only really worry servicemen and the Ministry of Defense, who will be blamed if any difficulties arise.

FBI's Moscow Mission Head Profiled

MM0808125994 Moscow IZVESTIYA in Russian 6 Aug 94 p 3

[Report by Vladimir Skosyrev: "While Restoring Order in Hong Kong, Michael di Pretoro Is Preparing To Head Our Way. What Is FBI's First Representative to Russia Like?"]

[Text] Beijing—Michael di Pretoro, head of the U.S. FBI's Hong Kong office, has received a new appointment. In a month or two he will head up an FBI mission in Moscow, Hong Kong's SOUTH CHINA MORNING POST reports.

Mr. Di Pretoro will undoubtedly have something to fill his time in Moscow. After all, the Russian mafia's emergence in the international arena is extremely worrying for Western special services, in particular Scotland Yard's Special Branch, which is responsible for internal security in the colony. During unofficial conversations with journalists Special Branch personnel claim that our "authorities" have already visited Hong Kong. According to their information, a retired special forces officer, who engaged in racketeering on becoming unemployed, was among the visitors.

Whether these reports are true or not, Michael di Pretoro has hardly been able to get closely acquainted with Russian organized crime. After all, its emissaries have only just started exploring the colony. But during his three years in Hong Kong Di Pretoro has probably had an excellent opportunity to study the habits of the "Triads"—Chinese patriotic secret societies that emerged several centuries ago and have now degenerated into criminal groupings. "Triad" members are bound by a vow of silence and are notable for their supreme discipline, which enables them to ship around 10,000 illegal Chinese immigrants a year to the United States.

Obviously people in Washington thought that the experience which the FBI's representative has acquired of working with the Chinese mafia would be useful in Russian conditions.

'Working Russia' Opposes Joint U.S. Exercise

MM0908114794 Moscow SOVETSKAYA ROSSIYA in Russian 9 Aug 94 p 1

[Statement by Working Russia Movement's Executive Committee: "'Russian Redoubt' Being Erected"]

[Excerpts] Viktor Anpilov came to the editorial office Monday [8 August] and requested on Working Russia's behalf that we publish the following statement:

In April 1994 Working Russia's Second Congress deemed that the stance adopted by the president and government of Russia on the question of holding NATO and U.S. troop exercises on our soil is a classic case of betrayal of a sovereign people's interests. The congress demanded the unconditional cancellation of the exercises at the Totskiy training ground, Orenburg Oblast. [passage omitted]

The international experience of peace campaigners, including that of Greenpeace, shows that even a handful of determined, ideologically united people can stop an army of tanks or an armada of nuclear aircraft carriers. We urge all patriotic organizations to join with Working Russia and hold rallies, pickets, and demonstrations everywhere against the presence of U.S. troops on Russian territory. It is essential to form Russian Redoubt operational groups during these actions and collect money to pay for their travel to the region of Orenburg Oblast's Totskiy training ground. Working Russia's Executive Committee calls on Dniester Region veterans, officers discharged from the Army for loyalty to their oath, and soldiers and sailors in the reserve to head the Russian Redoubt operational groups. We call on students and young working people to join in the Russian Redoubt operation immediately. In order to avoid provocations and anarchy, overall leadership of the Russian Redoubt operation has been entrusted to Viktor Ivanovich Anpilov, chairman of Working Russia's Executive Committee (telephone number in Moscow: 439-26-15; address for letters and telegrams: Box No. 519, Moscow, 119620).

Working Russia's Executive Committee expresses its confidence that representatives of all the peoples of Russia will participate in the Russian Redoubt action and thereby confirm the fraternity and unity of the peoples forged in the campaigns of Suvorov and Kutuzov and in the battles fought under the leadership of Marshal Zhukov.

The first Russian Redoubt antimilitary march will be held in Moscow 19 August. Participants will assemble at the Khudozhestvennyy movie theater, subway station Arbatskaya, at 1600 hours.

No to U.S. military intervention in Russia!
Long live our free motherland—the USSR!
Together we will be victorious!
[signed] Working Russia Executive Committee
[dated] Moscow, 6 August 1994

Russia's Future Role in EU, NATO Questioned

MM0908091194 Moscow ROSSIYSKAYA GAZETA in Russian 6 Aug 94 First Edition p 6

[Report by RIA-NOVOSTI correspondent Vladimir Katin specially for ROSSIYSKAYA GAZETA: "What Do We Get—A Ticket For the Gods? Producers of International Treaties Give Russia A Small Part"]

[Text] Brussels-Luxembourg—It seems as though things are headed toward the point where the by no means arbitrary but historically ingrained division of Europe into East and West will be gradually erased and forgotten. A Greater Europe is being born.

By the new year the bright blue flag of the EU [European Union] will feature another four gold stars and there will be 16 members. Another half-dozen candidate states, including our recent CEMA partners, are patiently awaiting their turn. Our former Warsaw Pact allies are also elbowing their way into NATO ranks—scarcely having taken the oath of loyalty to "Partnership for Peace," they are already asking for full membership. In general, East Europe is looking longingly to the west of the continent and making every effort to merge with it.

Just what place will Russia have in this new set-up on the European chessboard? Joining NATO through the "Partnership for Peace" program and the EU through the Agreement on Partnership and Cooperation gives Russia certain rights and opportunities to take part in European affairs which were long denied it and the USSR in the past.

The 22 June signing of the U.S. "Partnership for Peace" program was necessary or even unavoidable—otherwise we ran the risk of being in continuous check or even a checkmate situation. Because, while all the countries of East Europe and many republics of the former USSR had already joined the NATO program, Russia found itself, as it were, cornered—if it rejected it, it ran the risk of isolation, if it adopted it on general terms it would lose its greatness.

In general, the circumstances developed the way the designers of "Partnership" intended—Russia was left with no choice but to join the program, thereby confirming its love of peace and showing confidence in the side that issued the invitation. In the "Partnership" program mutual interests are, as it were, balanced. But it also has some unknown dimensions which a farsighted player must see and foresee.

First, how long will the program participants remain in the position of relatives waiting in a lobby? In other words, in the position of not being full family members—without the right to vote on the adoption of fundamental decisions, such as, for instance, the one adopted at NATO Headquarters; it will achieve its aim and then others will follow [i ona etogo dobyetsya, a vsled potyanutsya i drugiye]. Consequently, the time will eventually come for Russia to make its choice as well.... If it integrates totally with NATO, the country's Armed Forces will come under the authority and control of a U.S. general, who traditionally and permanently acts as supreme commander in chief of the NATO armies. If it does not integrate, it again faces the unpleasant prospect of isolation....

Second, the conditions for NATO membership oblige us to gradually standardize our armaments and hardware in order to ensure that the armies of all the countries have unified standards. This is logical and sensible. But this knight move will hit hard at the already decaying Russian defense industry and could even deliver a knockout blow.

Under no circumstances do the French want to admit Russian enriched uranium into Europe, protecting their own precious production of nuclear fuel. The Germans and British are worried about their own textiles and metallurgy. All of them together have pressured the Russians as much as possible to gain access for their own banks, to ensure the free repatriation of profits, to eradicate quantity restrictions on goods exports to Russia, and to minimize customs duties. As a result they achieved everything they wanted.

Trade will henceforth accelerate. We will be sending them ores, metals, oil, gas, timber, chemicals, and diamonds—in short, as before, raw materials. They will be sending us hardware, domestic electrical equipment, foodstuffs, medicines, plastic crockery, consumer goods, and so forth. Clearly, this is a subject for a separate study—to work out how many Russian enterprises, plants, and factories have already closed down as a result of the avalanche of foreign and often low-grade goods that are pouring into the country at by no means rock-bottom prices.

The agreement seems to provide scope for joint investment and for the joint opening of firms, companies, and insurance agencies. But these are different weight categories—fabulously rich and dyed-in-the-wool dealers, sophisticated businessmen, stock-market manipulators, and powerful trusts with centuries of experience and traditions set against our nouveaux riches, who are only just discovering the ins and outs of private ownership. In short, they have a highly developed form of capitalism, whereas we have a wild and embryonic form—and they will not let any "barbarians" into their civilized supermarket.

Sketching out a few days ago the contours of the Greater Europe for which all its peoples are now striving, Jacques Delors frankly admitted that the parameters of this Europe end at the borders of the former Soviet Union. Delors even listed by name all the countries of the future Greater Europe, including the Baltic countries, but totally excluding Russia. So just what role will the authors of the new European order allocate to it?

14th Army Officers Demand Lebed Remain Commander

LD0808181494 Moscow ITAR-TASS in English 1742 GMT 8 Aug 94

[By ITAR-TASS correspondent Anatoliy Kholodyuk]

[Text] Tiraspol August 8 TASS—Officers of the Russian 14th Army, deployed in the Moldavia's [Moldova's] self-style Dniester province, demanded today that their commander General Aleksandr Lebed should not be dismissed and the Army itself should not be disbanded.

A message to Russian Defence Minister Pavel Grachev, adopted at the officers' meeting, stressed that General Lebed alone is capable "to mobilise the 14th Army personnel for the fulfilment of its objectives."

Rumours that the popular general is going to be ousted by the defence minister have been circulating in the Dniester region since late July, when it was announced that the 14th Army would undergo restructuring.

Earlier today, the press centre of the Russian Army tried to calm down the situation saying that the 14th Army commander could be replaced by Russian President Boris Yeltsin alone.

The press centre also told TASS that the planned reconstruction will not actually mean that the 14th Army would be disbanded. It envisaged only that "the commanding bodies (of the 14th Army) will be brought to conformity with the real number of servicemen deployed in the Dniester region," the source said.

'Drastic Trouble' Surrounds 14th Army's Future

MM0908102594 Moscow ROSSIYSKAYA GAZETA in Russian 9 Aug 94 First Edition p 2

[Report by Lyudmila Feliksova: "Directives Without a Number, Army Without a Commander"]

[Text] Kishinev [Chisinau]—It is known that the directive which Colonel General Vorobyev brought from Russian Defense Minister P. Grachev regarding the disbandment of the command of Russia's 14th Army was not numbered. Could that be because, military circles conjecture, it might be "reversed" if necessary? It is estimated that, in the event of the order being implemented, around 250 senior officers, not to mention warrant officers, will be jettisoned. Incidentally, I have learned from trustworthy sources that the situation within the army itself is tricky. Some officers, threatening insubordination, have demanded that the fate of the army and its staff be decided in the presence of its commanding officer Lebed, who has been sent on vacation. There was no support for the proposal put forward by General Chuprakov, who is deputizing in Lebed's absence, that a statement be adopted that everything is going according to plan, normally. At the same time there are reports that a hunt for weapons and military hardware, of which there are arsenals sufficient for three armies, is beginning. It is well known that the Dniester Region has long since staked its claim to the 14th Army's military property in the event of the latter's being withdrawn. It is easy to imagine what the upshot might be should this property be seized unchecked. Periods of military operations have shown that weapons from the hot spots have a tendency to disperse throughout the former Union and powerful criminal groupings are behind this seemingly chaotic traffic.

What is more, some professionals from law enforcement organs, who backed Lebed in his struggle against corruption and mafia structures, have already taken refuge under Lebed's wing. If the army disappears they will find themselves in a desperate position and it is predicted that well-trained and, importantly, armed people may switch to partisan activity. In a word, as I was told by the 14th Army, drastic trouble is brewing and it will be no easy matter to escape from it. Evidently the next step is to seek a suitable fall guy. This could be anyone at all, including Vorobyev, who carried out the defense minister's orders, the same sources added.

Vorobyev on Talks With Moldova, 14th Army

MM0908100594 Moscow KRASNAYA ZVEZDA in Russian 9 Aug 94 p 1

[Article by Gennadiy Miranovich: "Troop Withdrawal from Moldavia. What Are We Taking to the 10th Round of Interstate Talks That Opens Today"]

[Text] What are we taking to the 10th round of talks that opens today? Answering this question, Colonel General Eduard Vorobyev, first deputy commander in chief of Ground Forces and head of the military section of the Russian delegation, recalled that during the ninth round the sides disagreed as to the dates for the withdrawal of our military contingent. In particular, the Moldavian [Moldovan] side suggested that it be completed by 1 January 1996. We proceeded from the premise that it would take at least three years to perform such a difficult task from the time that the agreement comes into force, if it is signed. At the same time our proposals were based not only on the political aspect of synchronizing the process of withdrawing the Russian troops and granting the Dniester Region special status, for instance, but on the need to resolve a whole series of technical, everyday life, and other problems.

First 2,700 officers and warrant officers from the troop contingent have to be provided with housing. Organizing the withdrawal of materiel, hardware, arms, and, in particular, munitions presents a host of difficulties. A large number of the munitions, Col. Gen. Vorobyev remarked, are to be salvaged. A labor-intensive operation to dismantle [razukomplektovaniye] the munitions and prepare them for shipment also has to be carried out. Over 400 tonnes of munitions are to be destroyed on the spot. What is more, one must bear in mind the limited number of routes [napravleniya] granted by Ukraine, through whose territory our troop trains will pass, as well as safety measures, rolling stock potential, and so on.

One is also bound to take into consideration the mixed attitude to both the question of the Russian troop withdrawal and the question of ownership of their real estate and movable property. The position espoused by the Dniester Region, Gen. Vorobyev remarked, is this. They have not been conscious and are not conscious of any inconvenience as a result of the Russian troops' presence. Therefore it is said that they may not be withdrawn. As for movable property and real estate—including tanks, infantry fighting vehicles, artillery systems, and so on—they deem all that to be their property. The Moldavian side, on the contrary, regards the troops' movable property and real estate as Russia's property, which can be sold however it likes, including to cover the expenditure on the construction of housing for servicemen.

In a word, it looks objectively as though it is not possible to effect a civilized withdrawal of our troops from Moldavia [Moldova] by 1 January 1996. Experts believe that the date proposed by the Russian side—three years from the time that the agreement comes into force—would enable many problems to be eased. With moderate funding, housing for servicemen could be built during this timeframe. And other solutions to the situation arising from the Russian troop formations' presence on the republic's territory could also be sought. For instance, the question of creating a Russian military base could be resolved—provided that both sides are willing, of course. This would also quite possibly have a definite effect on mass consciousness in the Dniester Region, which, judging by everything, is not yet ready to deem the troop withdrawal advisable.

However, let us not indulge in guessing games. At the moment one thing alone is clear: The talks are continuing and, as the head of the military section of our delegation remarked, there is hope that their participants will succeed in preparing the main agreement for signing during this round. That is, specific proposals will be formulated regarding the legal status, dates, procedure for, and terms of the withdrawal of Russian troop formations temporarily stationed on the territory of the Republic of Moldavia. A whole set of documents stipulating the procedure for railroad shipments, shared participation in housing construction, provision of social protection for servicemen and their family members, and so on is appended to the main agreement. Optimism is also inspired in particular by the fact that the Moldavian side had an opportunity to compare the various political statements on the problem and current realities during the preliminary consultations and when studying the state of affairs on the spot.

Touching on the ballyhoo raised by some mass media regarding his recent trip to the 14th Army, Col. Gen. Vorobyev described it as clearly inflammatory, an attempt to politicize a question that has nothing to do with politics. According to Eduard Arkadyevich, the mission undertaken by the general and his aides, a mission rendered expedient by the document cited in the mass media, was to draft, in conjunction with members of the army military council, proposals pertaining to the creation of a managerial military structure in the Dniester Region that would accord with the numerical strength of the Russian troop formations stationed there. Which was what happened. Options were discussed as regards the reorganization of the 14th Army's command, today numbering over 230 people. Since that is too many for the 6,000 men who make up over 50 troop formations, including those not part of the 14th Army left over from Odessa Military District, the following three options were proposed:

1. That everything should be transferred to the 59th Motorized Rifle Division, which forms the basis of the 14th Army, increasing its staff. Then the army command would be totally wound up.

2. That an operations group should be set up under the command of the 59th Division led by the division's deputy commander. Units under the army's jurisdiction would also join it.

3. That an operations group be formed out of the command of the 14th Army. At the same time the command would be reduced to around 100 men, which would, in experts' opinion, enable stable command of the existing troop contingent.

It is proposed to use the third option as a base. According to Gen. Vorobyev, there could have been no talk of any appointments, much less of the "fate" of Lieutenant General Aleksandr Lebed, the 14th Army's commander, who was appointed to this post by the country's president. He also stressed that the schedule for the transformations within the 14th Army, coordinated with the General Staff of the Russian Federation Armed Forces, the High Command of the Ground Forces, the command of the army, and the army's commander personally, has been in existence for about a year now. Now that the situation has improved since the election of the new parliament, there is an opportunity to resolve certain pressing questions linked with our troops' presence without destabilizing the situation. The 14th Army's commander discussed this subject in detail at the High Command of the Ground Forces 25 July.

Needless to say, housing for servicemen is the main question. And here I must point out, Col. Gen. Vorobyev stressed, that despite the suspension of funding housing construction is continuing in Krasnodar, Novorossiysk, Anapa, Saratov, Engels, and Voronezh in many respects thanks to Army Commander Lebed's incredible ability as a go-getter. Moreover 255 apartments may be ready this year. But first the state must eliminate the 4.1-billion ruble shortfall in funding for the construction of housing for the 14th Army.

Delegation Optimistic About Ukraine Talks

LD0808153094 Moscow INTERFAX in English 1350 GMT 8 Aug 94

[From the "Diplomatic Panorama" feature by correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[Text] The talks on coordinating a draft treaty on friendship, cooperation and partnership between Russia and Ukraine are likely to begin in Kiev on Thursday or Friday, the head of Russia's delegation to the talks with Ukraine, Yuriy Dubinin, told Interfax on Monday.

According to him, "there is a time limit for preparing this document." "It is connected with a visit to Ukraine by President Boris Yeltsin planned for late September or early October," the diplomat explained.

At the upcoming talks each side will present a draft treaty of its own, he noted. Considering the importance of our relations with Ukraine, the Russian draft was submitted to President Yeltsin, who approved it as the basis for talks with the Ukrainians," Dubinin said.

According to him, the Russian delegation does not intend to "advance any preliminary conditions at the talks in Kiev." "We could take into consideration much of what presents interest to Ukraine," he said.

"Russia's fundamental stand is based on its striving to maintain with Ukraine friendly and fraternal relations, answering to the interests of both countries," Dubinin stressed. "The signals that reached us from Kiev make us feel optimistic, and this is the main thing."

Having conceded that Moscow and Kiev have "a number of problems" to resolve, Interfax's interviewee said he is confident that they will be solved "in the spirit of our mutual desire to establish truly fraternal and amicable bilateral relations."

According to the diplomat, the signing of a treaty by the Presidents of Russia and Ukraine will become "the most striking expression of the trend toward reaching a new stage in relations between the two countries."

As Interfax's interviewee said, the Russian-Ukrainian political agreement signed in 1990 "has not lost its importance, but it needs to be considerably updated." "The new treaty must not only "basically determine the character and order of our relations, considering the changes that took place in the past four years, but also lay foundations for a stable, durable and comprehensive development of friendly ties between our two countries for many years to come," Dubinin pointed out.

He is leaving for Kiev with a feeling of optimism, he said. "I have always viewed frictions between the Russian and Ukrainian people as absolutely unnatural; even at the most complicated moments I was confident that the time will come when we shall speak with Kiev only about friendship and cooperation," the diplomat concluded.

Moscow Reaction to NATO Raid on Bosnia 'Restrained'

MM0908102994 Moscow IZVESTIYA in Russian 9 Aug 94 p 3

[Report by Maksim Yusin: "Bosnian Serbs Promise All-Out War. Moscow's Reaction to NATO Air Strikes Was Amazingly Restrained"]

[Excerpts] The stormy events of last week brought NATO and the Bosnian Serbs to the brink of the "all-out war," for which Radovan Karadzic has urged his compatriots to prepare. For the first time in the last four months Western aviation attacked Serb positions in the vicinity of Sarajevo. [passage omitted]

The Russian Foreign Ministry's reaction to Saturday's bombing raid was amazingly restrained. An unidentified Foreign Ministry spokesman, refraining from directly accusing the West, laid responsibility for the deterioration in the situation at the Serbs' door. Thus it was hinted to Karadzic: Russia has no intention of entering into confrontation with the United States and West Europe for the sake of the few percent of Bosnian territory that he is stubbornly unwilling to surrender.

You get the impression that Bosnian Serb leaders have discredited themselves once and for all in the eyes of Russian foreign policymakers and that the Kremlin intends in the future to only do business with Slobodan Milosevic. The State Duma—the main lobbyist for Serb interests in Russia—is currently in recess and the Foreign Ministry has gained a long-awaited breathing space and can shape its Balkan policy in peace without constant emotional propaganda pressure from deputies filled with the idea of "Orthodox brotherhood."

Moscow To Pay $500 Million of External Debt

LD0908060394 Moscow Russian Television Network in Russian 0400 GMT 9 Aug 94

[Text] Russia has announced its readiness to pay 500 million dollars of its external debt, since indebtedness to the London Club alone amounts to 24 billion dollars. If our country does not fulfill its obligations on the external debt, these assets may be sought compulsorily. The Association of Russian Banks has offered to help pay the debt: Given specific government guarantees, part of the foreign debt could be paid off by commercial banks organizing a banking pool, which will facilitate the flow of private investments into Russia. The government, however, has kept the Central Bank and commercial banks out of the official negotiations with the London Club.

Border Guard Commander Views First Half of 1994

LD0508193594 Moscow INTERFAX in English 1812 GMT 5 Aug 94

[Text] Colonel General Andrey Nikolayev, commander-in-chief of the Russian Border Guards, declared that over six months of 1994 the Russian Border Guards had eliminated about 130 armed fighters. In his words, over this period the Border Guards prevented 120 attempted armed penetrations of the border and engaged in armed clashes with border violators on over 70 occasions.

Addressing a gathering of the commanders of the RF Border units and detachments, Nikolayev pointed out that "thanks to preventive measures we manage to keep the border under strict control and to influence the situation on the Tajik-Afghan border."

At the same time he recognized that the situation on the Khorog direction (this border section is situated on the territory of Gorno Badakhshan autonomous region) remains extremely difficult.

On August 3 one of the local bandit formations seized 13 Russian Border Guards and demanded that the command of the Khorog Border Detachment slack up on control over parts of the border used by them for transport of contraband. All the Border Guards were returned to their unit after negotiations.

The press bureau of the Russian Border Guards told Interfax that the command of the group of border forces in Tajikistan and Khorog's emergency-military section "has sharply warned the fighters that such provocative actions are inadmissible."

Swedish Spy's Story Sparks 'Diplomatic Crisis'

MM0808105294 Moscow IZVESTIYA in Russian 6 Aug 94 p 3

[Report by Marat Zubko: "The Prodigal Spy Claims He Rose to the Rank of Colonel in the GRU. Even the Swedish Prime Minister Believes Him"]

[Text] Stockholm—The evidence of Soviet spy Stig Bergling (Yevgeniy Sandberg), who gave himself up to the Swedish authorities 2 August, has proved so sensational that, according to the Stockholm press, it has provoked a diplomatic crisis in Russian-Swedish relations. Russian Federation Ambassador to Stockholm Oleg Grinevskiy was summoned to the Swedish Foreign Ministry, where a sharp protest was delivered to him in connection with the fact that Stig Bergling, who was sentenced to life imprisonment in 1979 for spying for the USSR and who fled Sweden in 1987, remained in the service of Russian intelligence even after the disintegration of the USSR, and that Moscow did not respond to the Swedish side's inquiries concerning the fate of the runaway spy.

Prime Minister Carl Bildt has stated that Stig Bergling rose to the rank of colonel in Russian intelligence and that his activity after his escape was financed, in all probability, by the Russian Army Main Intelligence Directorate [GRU].

Stig Bergling was an ordinary policeman, but later he managed to obtain a transfer to a post in the security service SEPO, which forms part of Sweden's police directorate, and even to take the post of liaison officer with the Defense Ministry and military departments.

SEPO acting chief Lars Forste stated at a press conference in Stockholm that Stig Bergling had, in particular, access to the so-called defense register, that is, the plan of the location of secret facilities in case of war—military staffs and the Armed Forces command. He communicated this plan to Soviet intelligence.

General Bengt Gustafsson, former commander in chief of the Swedish Armed Forces, admitted, speaking on television, that Stig Bergling's treason had cost the country billions of kronor, since after his exposure it was necessary to rebuild numerous underground bunkers for the staffs and other facilities. All this indicates that Bergling's position was unique.

In both SEPO and the military organizations Bergling had free access to secret documents. He was also well acquainted with the system of tracking foreign agents in Sweden.

...The Soviet spy was arrested in 1977, not by the Swedes, but by Israeli counterintelligence in the Near East, where Bergling had gone as an officer with the UN "Blue Helmets." He was sentenced to life imprisonment for espionage in 1978. Now he is again behind bars. Bergling worked for Soviet intelligence for all of 10 years.

Anders Eriksson, head of the Swedish security service SEPO, recounted to journalists in detail the story of Stig Bergling's escape from Sweden as told by Bergling himself.

According to the practice that exists in Sweden, the prisoner Stig Bergling received a "pass" in early October 1987, that is to say, leave to make a trip home for a meeting with his wife, Elisabeth Sandberg. But by then, it has now become clear, they had already agreed to escape: They may have discussed the plan at earlier meetings.

His wife hired two cars, a Volvo and an Ascona, leaving one of them outside their home in a suburb of Stockholm and the other at the other end of the capital. At four in the morning, fooling the guard, Stig and Elisabeth left the apartment. She got into the Volvo and he took a cab.

On reaching the predetermined place, they got into the Ascona and set off for the port of Grisslehamn, which is to the north of Stockholm. There, they boarded a ferry, loading the car onto it, and a few hours later they were in the Aland islands, which belong to Finland—that is, they were across the border.

In the city of Mariehamn, administrative center of the Alands, Stig and his wife went immediately to the USSR Consulate General, where they were put under the protection of Soviet intelligence staffers. In the same way—by ferry—the husband and wife soon reached Helsinki. Their car was later found in the nearby city of Espoo, leading Swedish security service chiefs to think that the fugitives were on their way to the Soviet Union.

For several days, from 7 to 10 October 1987, the Swedish spy and his wife lived in the USSR Embassy building in Helsinki, where an apartment was assigned to them.

The Finnish police, who had quickly been alerted by the Swedes, were already conducting a search for Stig Bergling. There were patrols day and night around the gates and fence of the embassy building. Seppo Titinen, chief of the Finnish foreign security service, recounts: They assumed that an attempt would be made to take the spy to the USSR by the ferry which plied between Helsinki and Tallinn. But events turned out differently.

A car with a diplomatic plate set off in the direction of the Finnish-Soviet border. An embassy staffer was at the wheel, and in the back seat were Elisabeth Sandberg and the diplomat's wife. Stig Bergling himself was hidden in the trunk.

He traveled in the trunk for several hours to the border, and that is how he crossed it. The Finns did not venture to search the diplomatic car. What became of Bergling after that?

The head of SEPO stated that initially Bergling was sent to Budapest to carry out several missions, but in 1989 he was back in Moscow. He underwent retraining and a year later he went to Lebanon, where he stayed for quite a long time, carrying out the instructions of Soviet military intelligence. Subsequently the couple lived mainly in the Near East.

"I wish to stress," Anders Eriksson stated, "that all this information is based on the evidence of Stig Bergling and Elisabeth Sandberg. We have some reason to believe that Bergling has exaggerated some aspects of his activity. We have not yet been able to check on these, but we have no doubt about those parts of his evidence that relate to the USSR's assistance in his escape and his subsequent service with the GRU...."

"Bergling has grown grayer and fatter," says the chief of the prison where the spy was held prior to his escape, "but he is easy to recognize." So he has not had plastic surgery. Lars-Ake Nilsson, secretary of state at the Swedish Foreign Ministry, added:

"We have demanded that the activity of Russian representatives in Sweden be conducted in a more civilized form. We have also informed the Russian ambassador that we have decided to delay the issuing of an entry visa to a new staffer of the military attache's office who was due to report for work in Stockholm...."

And so a diplomatic crisis is the result of the long story of the Soviet spy Stig Bergling, which is one of those problems that arose many years ago and cast a long shadow over Sweden's good-neighborly relations with the Soviet Union and later with Russia. Other such problems include: the uncertain fate of the Swedish diplomat Raoul Wallenberg, the matter of the violation of Swedish territorial waters by mysterious mini-submarines, and the deaths of the crews of a number of Swedish ships and a DS-3 reconnaissance aircraft.

It is noted in Stockholm that no official Russian representative has yet been willing to make any comment on the fact of Stig Bergling's return home and his decision to give himself up to the Swedish authorities.

Deputy Foreign Minister Discusses Near East Policy

MK0908083594 Moscow KOMMERSANT-DAILY in Russian 9 Aug 94 p 4

[Report on interview with Russian Deputy Foreign Minister Boris Kolokolov by Sergey Tsekhmistrenko; date and place not given: interview is followed by commentary by the International Affairs Desk: "Russian Near East Policy. Russia Does Not Shirk Its Responsibilities"]

[Text] Among present-day trouble spots, the Near East conflict is obviously by far the most persistent. That has left an imprint on its settlement—it will not do to treat a chronic disease by radical methods. The years-long treatment has also been affected by the fact that the doctors—Moscow and Washington—have been proponents of different medical concepts. But at the moment there is an impression that the "Washington school of thought" is gaining the upper hand, as is evident not only from nearly monthly tours of the Near East countries by U.S. Secretary of State Warren Christopher, but also from specific agreements between these countries, for which American diplomacy can certainly take credit. What about Moscow? KOMMERSANT-DAILY's correspondent Sergey Tsekhmistrenko put this question to Russian Deputy Foreign Minister Boris Kolokolov, who, among other things, is supervising the Near East area at the Foreign Ministry.

In Mr. Kolokolov's view, Russia is not shirking its responsibilities as co-sponsor of the Near East settlement (the institution of co-sponsorship was set up at the

Madrid meeting in the fall of 1991), but is performing certain work, which can sometimes be invisible. Moscow regularly briefs the other co- sponsor—Washington—on its actions, in the hope that it will reciprocate. But Russian diplomats are far from being intent on coordinating their every move with the Americans: "We have different plans, although our goal is the same." At the same time, some Russian initiatives have caused jealousy in the United States. This was the case, for instance, with Russian First Deputy Foreign Minister Igor Ivanov's proposal that a second Madrid multilateral meeting on the Near East be convened, which was put forward during his Near East tour last February. The United States and Israel flatly opposed the move, citing the need to continue bilateral talks.

The reasons why the Americans have been displaying much more energetic activity in the region than Russia are plain to see. This happens mainly because the Near East is a sphere of the United States' direct economic interests. The difference in the co-sponsors' respective clout is also due to the fact that Moscow did not have diplomatic relations with Tel Aviv for nearly a quarter of a century, thus losing potential leverage for influencing Israel's policy. But it would be wrong to say that Russia is currently detached from the settlement effort. Although Andrey Kozyrev, unlike his U.S. counterpart, is a rare guest in the region, in Mr. Kolokolov's view that is not detrimental to Russian policy, because Viktor Posuvalyuk, special representative of the Russian president, is adequately representing Moscow there. He is considered one of the most knowledgeable and experienced diplomats, who, in addition, has superb personal connections with "the mighty of this world" (the Near East world, of course). By virtue of the latter circumstance Russia, as a rule, has full information about U.S. contacts with the Arabs, even on things Washington would prefer to keep secret. For instance, Posuvalyuk was briefed on the talks with Jordan by King Husayn in person. As for the Russian foreign minister's absence from the recent Israeli-Jordanian summit in Washington (which has sparked a lot of speculation in the Russian mass media), it was due to the extraordinary nature of the meeting itself. Notice of it (together with the invitation Kozyrev received from Christopher) arrived in Moscow only two days before it began, when the Russian minister could not cancel his planned Bangkok trip to attend the meeting of ASEAN foreign ministers. But nonetheless, Russia was represented in Washington at a high level, by Mr. Kolokolov.

Now that the question of normalizing relations between Israel and Syria has emerged on the agenda, one can no longer do without Russia's active involvement given its confidential relations with the Syrians. The parties concerned realize this: Recently Israeli Foreign Minister Shim'on Peres turned to Moscow with an appropriate request. In Mr. Kolokolov's view, one should display as much tact as possible to persuade as tough a politician as Hafiz al-Asad to sign the agreement. Most important is "not to lead the Syrians to the negotiating table by the hand" or to run ahead in raising questions.

The last point KOMMERSANT-DAILY's interviewee touched on was the circumstances of the recent Russian visit by Iraqi Deputy Prime Minister Tariq 'Aziz. The Iraqi representative arrived in Moscow at his own initiative—as a guest of the Iraqi ambassador, so he did not have any official meetings here. His meeting with Kozyrev took place in St. Petersburg, which the minister had planned to visit beforehand. 'Aziz asked Kozyrev to point out Baghdad's positive steps in the implementation of UN Security Council resolutions imposing sanctions on Iraq. In response, Kozyrev promised to do so, but at the same time he warned Iraqi leaders that the lifting of the sanctions would be out of the question till the key requirements are fulfilled: the recognition of Kuwaiti independence, the demarcation of the border with it, and full cooperation in determining the fate of Kuwaiti citizens missing or taken prisoner by Iraq as a result of the well-known events. Russia also stuck with this stance at the UN Security Council meeting on 18 July, which considered the question of Iraq. It was at the UN rostrum that a diplomatic showdown between Russia and the United States broke out: Washington flatly rejected any overtures toward Baghdad. Anticipating the possible reaction from the United States, both Moscow and Baghdad tried to keep 'Aziz' stay in Russia as secret as possible. But in vain: It proved an open secret even for workers at Moscow airport, who kept asking each other in a "stage whisper" when Tariq 'Aziz' "secret plane" will finally land. [interview ends]

Commentary by International Affairs Desk

Of course, one can attribute the secondary role Russia is currently playing in the Near East to its much less important economic interests in comparison with the United States, or to the much closer attention paid by the international mass media to Christopher's visits than Posuvalyuk's. But one cannot but concede that in the past several years Moscow—for various reasons—has found itself "on the sidelines" of the Near East settlement. Both the reaction to Mr. Ivanov's initiative and the remark by Yitzhaq Rabin, who played host to Kozyrev shortly afterward ("third countries" should not meddle in our relations with the Palestinians) are a case in point.

U.S. oil-dominated economic interests also determine U.S. policy with regard to the Iraqi problem. According to U.S. State Department estimates, world oil prices could drop 40 percent in 18 months should sanctions be lifted. By presenting this argument at the UN Security Council meeting in July as a justification for keeping sanctions intact, Washington demonstrated a typical example of "dual standards" in foreign policy. But Russia is none the better for it: Dreams of the repayment of $7 billion worth of debts (say, by reexporting Iraqi oil) have remained just dreams. At any rate, till the next meeting, which is to take place next summer.

Political Issues

Ministry Refuses To Register MMM Shareholders' Union

LD0808122694 Moscow INTERFAX in English 1046 GMT 8 Aug 94

[Text] The Union of MMM Shareholders cannot be registered by the Russian Justice Ministry as a political organization because the Union represents the private interests of MMM shareholders, Stanislav Morozov, a ministry press service official, told the Financial Information Agency Monday.

A Union member told the agency last week that all the papers needed to register it as a political organization had been submitted and were under consideration by state bodies.

MMM Hunger Strikers Detained in Moscow

LD0808142294 Moscow INTERFAX in English 1324 GMT 8 Aug 94

[Text] Three MMM shareholders staging a hunger strike outside the 38, Petrovka Street, Moscow Interior Department building, where MMM President Sergey Mavrodi is being held, were detained for illegal picketing. Officials in the Interior Department's press office said that the three were brought into the 64th police station from where their case would be sent to court.

A fourth hunger striker was detained for "unsanitary behavior." His case will be considered by the district administrative commission.

One of the hunger strikers said that they intend to ask the UN Human Rights Commission to intervene in the MMM case and to protect their rights as shareholders.

The detainees are likely to face a fine.

Militia Release Hunger Strikers

LD0808144994 Moscow ITAR-TASS in English 1424 GMT 8 Aug 94

[By ITAR-TASS correspondent Vadim Byrkin]

[Text] Moscow August 8 TASS—Militia released four MMM shareholders who went on hunger strike in solidarity with President of the MMM joint stock society Sergey Mavrodi. They were detained in front of the Moscow militia department building this morning.

ITAR-TASS verified that officers of the 64th militia precinct detained four hunger strikers and not five, as was reported earlier. One of them, 68-year-old war veteran Mikhail Bogolyubov, said that they would appear before a magistrate on August 11.

The protocol of detention says that they were guilty of "unauthorised picketing and dumping garbage in a wrong place". The detainees plan to counter-sue authorities for illegal (in their opinion) actions.

Eight people (some of them for the third day running) were on hunger strike in front of the Moscow militia department building in downtown Moscow this afternoon. All of them are fully determined to continue their "struggle for economic rights".

Opposition To Commemorate Aug '91 Events

LD0808194294 Moscow INTERFAX in English 1736 GMT 8 Aug 94

[Text] The Russian Communist Labor Party, the Working Russia movement, the Liberal Democratic Party of Russia (led by Vladimir Zhirinovskiy) and other opposition parties and public and political movements (a total of 16) intend to hold a rally in Moscow on August 21 in order to commemorate the third anniversary of the August events in 1991.

The rally will be held under the slogan "A Day of Great Deceit," representatives of the rally's organization committee said at a press conference in Moscow today. They said they intend to attract the attention of public opinion to the "true sense of the days which were tragic for the Soviet Union" and to "sum up the results of three years of democratic rule."

Activists of the organization committee said that ex-speaker of the Russian parliament Ruslan Khasbulatov and former vice president Aleksandr Rutskoy will not be invited since they "contributed to the collapse of the USSR."

Opposition activists said that from among the coup leaders Oleg Sheynin, the former secretary of the Central Committee of the USSR Communist Party, will have the honor to speak at the rally.

The Moscow authorities have allotted two hours for the rally. The first hour will be dedicated to speeches and the second hour to an "amateur concert."

As many as 50,000 participants may take part in the rally.

The rally will be held on August 21 from 19:00 till 21:00 on Teatralynaya Square.

Zhirinovskiy: 'Center-Right' Government Needed

LD0808205294 Moscow INTERFAX in English 1736 GMT 8 Aug 94

[Text] Gerhard Frey, head of the German People's Union, said nothing could be better for Germany than Vladimir Zhirinovskiy as president of Russia.

"Great changes await Europe, similar to those which have just taken place in Italy," Frey said in Moscow at the launch of a book he has written about Zhirinovskiy, the ultra-nationalist leader of the Liberal Democratic Party of Russia [LDPR]. He said he was sure that "the Russians will make the absolutely correct choice and Zhirinovskiy will be the next president of Russia."

"Zhirinovskiy is a true and worthy friend of the German people," Frey said.

Zhirinovskiy, who described Frey's book as "objective," made a toast to "a new Russia and a new Germany." He said Russia needed a center-right government. Then Russia would have "that which many in Germany like." He said that he and other LDPR members would attend the next congress of the German People's Union in Passau on September 22.

"Everything is unstable in Europe these days," while "the LDPR and the German People's Union could build a new foundation for a European home," Zhirinovskiy said.

In a joint statement released at the ceremony, the German People's Union "declares its complete sympathy with Russia's efforts to ensure the observance of the human rights and the right to self-determination of the 25 million Russians who have found themselves outside the present-day borders of Russia."

"Northeastern Prussia (Russia's Kaliningrad Region) must become a bridge of mutual understanding between Russians and Germans," the statement says.

Moscow Denies 'Provocations' in Chechnya

LD0808122494 Moscow INTERFAX in English 1046 GMT 8 Aug 94

[Text] A spokesman for Russia's Counterintelligence Service has refuted charges addressed by Groznyy to Russian special services, accusing them of inventing provocations against ethnic Russians in Chechnya so as to justify military intervention in the republic.

In an interview with Interfax Monday, Vladimir Tomarovskiy dismissed these accusations as groundless and charged Chechen officials with spreading them deliberately.

Meanwhile, according to reports from Groznyy, the interior authorities there have taken special precautions to safeguard ethnic Russians against possible provocations.

The Prosecutor General Usman Imayev claims that Russian special services invent such provocations to justify a policy of coercion toward the republic.

Chechnya's Security Council reported Saturday that it possessed documents exposing plans of Russian special services to ignite provocations against ethnic Russians. It released a statement, urging the Chechens "to safeguard the Russians, living nearby."

By various estimates, there are from 200,000 to 280,000 ethnic Russians residing in Chechnya today.

Impact of Nationalism in Post-Soviet Era Seen

MM0808151694 Moscow IZVESTIYA in Russian 6 Aug 94 p 5

[Article by Academician Aleksandr Yakovlev: "Love for Your Neighbor Must Not Be Exchanged for Hatred for the Foreigner. A Nation's Right To Live Apart From Others Is Understandable. But the Right To Live Together Is Also Indisputable"]

[Excerpts] The reform of the Soviet Union, and now of Russia, became possible partly because its initiators succeeded in discarding many of the ideological and political myths of the past. But unfortunately we remained in the grip of myths on the vital nationalities issue, and that has played a tragic role.

We came to believe in our own propaganda stereotypes: The union of peoples is indissoluble, internationalism prevails in our consciousness, communists will stand firm for the unity of nations and peoples.... But in the event, the nationalist fervor that had blocked the Union's evolutionary transformation into a real confederation blew the country apart. The lust for power triumphed and people's interests were ignored. [passage omitted]

The use of nationalism as a tool in the power struggle provoked the emergence of a very specific variety of separatism—I would call it parasitic. On the surface, all the decorum of the desire for a sovereign state was observed. At the same time nationalist hysteria and intolerance were whipped up. The pretext for stirring up anti-Russian sentiments was often the destructive activity of chauvinist currents within Russia itself, something that is anti-Russian by its very nature. With cynical intent, the representatives of such currents conferred on themselves the title "patriotic," which, of course, they are not.

But something that has struck me throughout the years of anarchic sovereignties is the fact that the "sovereignty buffs" almost entirely ignore real life and people's real interests. When they proclaimed their republic an autonomous state, they did not ask themselves: How and on what will it live? What economic and social problems will it encounter internally? How and by what means will it tackle them? Where and how will it earn its living in the world economy?

The selfish, the comic, the dramatic, and the tragic were all interwoven together. The predominant mentality was one in which two myths can be clearly detected. First, that everything in material life will for some reason stay the same as before, and all the advantageous economic links and relations, subsidies, etc., will be preserved. Second, that "the West will help us." This was a relapse into the mentality typical of a feudal-socialist upbringing, thinking in terms of leveling down, free distribution, and total dependence on the state.

I am not about to deny the right of any people to national self-determination. But legitimate questions arise: How and in whose interests is this right exercised? Who is empowered to speak in the name of the people? How far do the people control the actions of the ruling elite? Unfortunately, separatism and nationalism in the former USSR—but especially separatism!—sprang up and acquired their present dimensions not so much as ways and means of democratization and renewal, but as a method of opposing that. At local level, they often preserve the old type of relations. [passage omitted]

As the world progresses toward ever closer interdependence, interlinkage, integration, and globalization of an increasing number of spheres and areas of activity and social, economic, and other processes, the territorial-state type of structure and administration become the most expedient—in this way statehood is not a means or form of national formation and self-expression, only an organizational structure in the interests of the individual and society. And, second, an internally agreed "hierarchy" of territorial-social administrative structures is needed, beginning with the city or rayon and progressing via the oblast, state, and region, to reach global levels.

What prospects now lie in store for the post-Soviet area, in view of the present upsurge in nationalism and separatism?

Their further growth is possible. The outcome: interstate and interethnic wars; the dismemberment of almost all the Union republics, Russia included; the formation of nonviable new states; and the bloody reshaping of territories and borders, which, it is not ruled out, could overspill the bounds of the CIS.

That is the worst-case scenario. I personally do not consider it probable. Even where there is a war in progress, people and elites are already tired of it and are looking for paths toward reconciliation. The warring parties are losing the sympathy of the world community. In the conditions of a market economy nobody is going to send resources "from the center" to heal the wounds of war, so the warring countries' development is set back by decades. There is also a growing understanding that if the old elites hoped to hold on to power and the new ones to attain it, it is not infrequently a third party who gains by their struggle.

As for Russia itself, here neither the people nor the elites are, on the whole, showing any inclination to try to solve the accumulated problems by means of ethnic discord, conflicts, and guns. The danger, however, comes from the numerous provocateurs—neofascists, national-chauvinists, and national-bolsheviks—especially if the socioeconomic situation in the country goes on getting worse.

On the other hand, the present outbreak of nationalism and separatism is not about to burn itself out and come to nothing. In some places, yes, certainly. But in some places, equally certainly, no. The processes of nationalism have great momentum, and the genie, once out of the bottle, cannot be put back, except in fairy tales.

All the same, I do not think that the evolution of the states of the former USSR will ever degenerate into a Yugoslav scenario. There is an inherent difference: In our case, the forces of revanche lost their main political battle when they failed to secure the opportunity to unleash a broad, forcible campaign against the changes. Meanwhile the elite has changed and is no longer what it was.

The evolution of the CIS states will, in my view, be associated with the development of the institutions of integration. At the moment the functions of the "divorce" are not yet complete. But constructive aspects of unification are already coming to the fore. Two main trends have taken shape: The establishment of cooperation and the expansion of tis spheres, and the creation of a center vested with functions of coordination and on some matters even control.

The generation of politicians who came to power on a wave of acute opposition and confrontation is gradually receding. The next generation will be far more pragmatic. A society will come that is free from the CPSU's omnipotence, has acquired a normal market, and has rid itself of mono-ideology, mono-power, and mono-ownership.

The option that is of optimum mutual benefit is a confederation on a voluntary basis, a community of equal republic-states. Such a unification will be beneficial, apart from anything else, by virtue of the fact that it will be able to neutralize the most radical nationalist forces and make their claims to power futile.

In short, the future era of nonconfrontational civilization will arrive only when the world community learns to overcome speculative nationalism—the last bastion of slavery.

Economic Issues

Yeltsin To Sign Edicts on Curbing Nonpayments

LD0808190094 Moscow ITAR-TASS in English 1843 GMT 8 Aug 94

[By ITAR-TASS correspondent Oleg Velichko]

[Text] Moscow August 8 TASS—Russian Prime Minister Viktor Chernomyrdin presided over a meeting of specialized governmental commission on Monday which aimed at drawing up a plan for urgent measures to be taken to eliminate the crisis of non-payments among the Russian enterprises and at preparing normative legal acts.

As it was reported earlier, Chernomyrdin signed a resolution on establishing a specialized commission on solving the problem of non-payments among enterprises led by Russian Vice-Premier Oleg Soskovets.

According to well-informed governmental sources, Russian Government and President Yeltsin's administration joined forces to draw up five presidential decrees aimed at solving the problem. First and foremost, the decrees will be aimed at strengthening control over the cash, regulating the sums earmarked for enterprises' internal consumption and selling goods at prices which are less than their prime costs.

Besides, the decrees will legalize amendments to the procedure of making sanctions on the part of the taxation service.

The specialized commission is expected to meet on a weekly basis and each time submit a report to Yeltsin and Chernomyrdin in person.

According to the government's press service, the specialized commission is to [illegible] taking sanctions against enterprises and their managers who admit of nonpayments while having money on one's accounts.

Simultaneously, the newly established commission set about drawing up a plan for restructuring Russian economy in 1995-1997. Vice Premier Anatoliy Chubays is in charge of a task force which will tackle the problem.

Text of Edict on Indexation of Pensions

MM080811[illegible] Moscow ROSSIYSKIYE VESTI in Russian 6 Aug 94 p 1

["Edict of the Russian Federation President 'On the Indexation of State Pensions in the Russian Federation as of 1 August 1994 and the Sources of Funding Thereof," signed by Russian Federation President B. Yeltsin and dated 3 August 1994]

[Text] In accordance with the RSFSR Law "On Indexing the Monetary Incomes and Savings of Citizens in the RSFSR" the Russian Federation Government has submitted to the State Duma of the Federal Assembly proposals on the indexation of pensions as of 1 August 1994 by a factor of 1.15, which accords with the financial potential of the Russian Federation Pension Fund and the ratified federal budget for 1994.

The chambers of the Federal Assembly have adopted the Federal Law "On Raising the Minimum Pension and the Procedure for Indexing and Recomputing Pensions Fixed in Accordance with the RSFSR Law 'On State Pensions in the RSFSR'," which envisages increasing pensions to an extent not secured by financial resources. In order to promptly resolve the question of the payment of pensions in accordance with Article 7 of the RSFSR Law "On State Pensions in the RSFSR" I decree that:

1. The Russian Federation Government shall by 15 August 1994 submit to the State Duma of the Federal Assembly proposals on the sources of funding for pension payments in connection with their indexation as of 1 August 1994 and mindful of the decisions of the Federal Assembly chambers on this matter.

2. Mindful of the rise in the prices of consumer goods and services in May-June 1994 and based on the financial potential of the Russian Federation Pension Fund and the 1994 federal budget, prior to the adoption of a federal law on additional sources of funding for pension payments, as of 1 August 1994 all pensions (excluding compensation) calculated in accordance with the RSFSR Law "On State Pensions in the RSFSR" shall be increased by a factor of 1.15, establishing at the same time a minimum old-age pension, given a total length of labor service equivalent to that required for the assignment of a full pension, of 21,850 rubles.

When a pension is increased in accordance with this edict the compensatory payment fixed in accordance with Russian Federation legislation shall be retained.

3. When pensions are set or recomputed amounts earned prior to 1 August 1994 shall be indexed using the coefficients prescribed for the corresponding periods, including the coefficient envisaged by Point 2 of this edict. Amounts earned after 1 August 1994 shall be considered without indexation. And the size of the pension shall not be raised by a factor of 1.15.

At the same time the compensatory payment fixed in accordance with the legislation of the Russian Federation shall be retained.

4. This edict shall be sent to the Federation Council and the State Duma of the Russian Federation Federal Assembly.

5. This edict shall come into force as soon as it is signed.

[Signed] President of the Russian Federation B. Yeltsin
[Dated]The Kremlin, Moscow, 3 August 1994

Money Emission Up 220% in First Half of 1994

MM0808110094 Moscow IZVESTIYA in Russian 6 Aug 94 p 1

[BIZNES-TASS report: "Money Emission in Russia Continues To Grow"]

[Text] Money emission in Russia in January-June this year increased 220% compared with the same period last year, totaling 10.5 trillion rubles.

These figures are cited in a Russian State Committee for Statistics report. The largest quantity of new money was put into circulation in April of this year—3.46 trillion rubles—and the lowest figure was in May—1.26 trillion.

Nuclear Issues

Government To Examine Problems in Nuclear Industry

LD0808170694 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 8 Aug 94

[Passages within quotation marks recorded]

[Text] The Russian Government is to examine the situation in the country's nuclear power engineering tomorrow. Head of the cabinet Viktor Chernomyrdin and Minister of Atomic Energy Viktor Mikhaylov are discussing the problem at a private meeting today.

Georgiy Kaurov, head of the Atomic Energy Ministry's press service, speaks about the situation in the industry.

[Kaurov] "The fuel situation is very bad at atomic stations. The nuclear fuel cycle enterprises that produce fuel are also operating with difficulty because atomic stations are not being paid and consequently, atomic stations cannot pay the above enterprises. A moment may come when, instead of being suppliers of electricity, atomic stations will turn into electricity consumers only, enormous consumers. If atomic stations stop generating electricity it will still be necessary to cool down nuclear fuel and nuclear reactors in order to prevent them from exploding."

[Announcer] Kaurov said that the Atomic Energy Ministry had tabled its proposal on settling the situation.

[Kaurov] "Fuel should be paid for, the electricity that has been generated should be paid for, and that is all. It is safe to work at atomic stations."

[Announcer] This Thursday, Viktor Mikhaylov, head of the Russian Atomic Energy Ministry, will discuss the conflict with the directors of nine atomic stations at a meeting in Smolensk.

Chernomyrdin Chairs Nuclear Arms Commission

LD0808145894 Moscow INTERFAX in English 1130 GMT 8 Aug 94

[Text] The Government Commission for Nuclear Arms held its first session under the chairmanship of Prime Minister Viktor Chernomyrdin in Moscow recently. It discussed a draft resolution on ways to ensure the safety of nuclear weapons.

The session decided to heighten the role played by state inspectors in controlling nuclear and radiation safety at nuclear plants and military units, where nuclear arms are made and kept.

Komsomolsk To Cease Nuclear Submarine Production

LD0908084394 Moscow ITAR-TASS in English 0703 GMT 9 Aug 94

[By ITAR-TASS correspondent Aleksey Tsvetkov]

[Text] Komsomolsk-on-Amur (Russian Far East) August 9 TASS—The shipyards in the city of Komsomolsk-on-Amur, a major enterprise of the defence complex in the Russian Far East, started paying wages delayed since last February. The government partially returned debts for military orders.

However, managing director of the shipyards Pavel Bely said in an interview with ITAR-TASS on Tuesday that the enterprise will not resume the production of nuclear submarines. Under the programme of conversion, defence orders will be gradually squeezed out of production plans.

"The state paid only 50 per cent of its debt to us," Bely noted. "The main part of funds was used to pay taxes, electricity bills as well as debts to suppliers. The rest of the money will be just enough to pay wages for four months, to buy metal and materials as well as to continue work to master production of civil ships."

The managing director said that the shipyards laid down the head ship of a series of timber carriers for the Far Eastern Shipping Line a month ago. The enterprise will launch 15 such motor ships with a displacement of 5,000 tonnes each by the year 2000.

The enterprise is now readying to launch a head [as received] dry-cargo ship of the river-sea class built on orders from the Amur River Shipping Line. Plans provide for building ten ships of this type for the Amur Line.

Nuclear Safety Chief Concerned With 'Social Tensions'

MK0908065094 Moscow SEGODNYA in Russian 9 Aug 94 p 7

[Report by Russian Federal Inspectorate for Nuclear and Radiation Safety Press Bureau under the "Safety" rubric: "Nuclear and Radiation Safety Inspectorate is Worried"]

[Text] Yuriy Vishnevskiy, chairman of Russia's Inspectorate for Nuclear and Radiation Safety, has expressed concern, in a press statement, in connection with growing social tensions at Russian nuclear electric power stations over the wages payment delays lasting many months. He noted that the tensions would inevitably affect the personnel's quality of work and have a negative impact on the stations' safety standard.

Apart from this, the protracted lack of finances would prevent the carrying out as scheduled of the modernization of systems and equipment, the stocking up of necessary expendable material and spares, and the implementation of all the necessary maintenance work. All this as a result may affect stable operation of the nuclear electric power stations during the fall and winter period.

The Russian Inspectorate for Nuclear and Radiation Safety is monitoring the observance of safety requirements at nuclear electric power stations and regardless of all the circumstances will be taking the necessary measures, including the shutdown of generators if a real threat develops to the population and the environment.

Regional Affairs

Khasbulatov Visits Ingushetia, Possibly for Mediation

LD0808140994 Moscow INTERFAX in English 1357 GMT 8 Aug 94

[Text] Ex-speaker of Russia's parliament Ruslan Khasbulatov flew into Ingushetia Monday, an INTERFAX correspondent reports from Nazran. His plane landed at an air field near the Sleptsovskiy village.

The aim of his visit remains unclear.

Local observers believe Khasbulatov, a Chechen by nationality, who volunteered to mediate in a conflict between the Chechen authorities and opposition, may leave Nazran for Groznyy or the Nadterechny Region - the stronghold of the opposition.

Khasbulatov in Chechnya in 'Private Capacity'

LD0808203494 Moscow INTERFAX in English 1736 GMT 8 Aug 94

[Text] Former speaker of the Russian Supreme Soviet Ruslan Khasbulatov arrived in Groznyy (the Chechen capital) today.

Chechen Press and Information Minister Movladi Udugov told Interfax that Khasbulatov had arrived in Groznyy in a private capacity. Udugov said he knew nothing about any talks between Khasbulatov and Chechen officials.

Earlier, Khasbulatov said in Moscow that he is ready to act as a mediator in the settlement of the conflict between Chechen President Dzhokhar Dudayev and the opposition.

Issues Statement on Chechnya

MM0808142594 Moscow SOVETSKAYA ROSSIYA in Russian 6 Aug 94 p 1

[Statement but Professor Ruslan Imranovich Khasbulatov, corresponding member of the Russian Academy of Sciences: "On Dangerous Maneuvers Around the Chechen Crisis"]

[Text] The crisis in the North Caucasus connected with the Dudayev regime in the Chechen Republic is steadily deepening. Since November 1991, I have had to point out repeatedly this regime's adventurist and anti-people nature, and in so doing I received the backing of the supreme state authorities in the Russian Federation in the shape of the congresses of people's deputies and the Russian Federation Supreme Soviet. At the same time, I personally together with people's deputies have received irrefutable proof of the fact that the Dudayev regime enjoys the protection of Russia's supreme executive authority, therefore all attempts by members of parliament to contribute to a solution of the crisis in the Chechen Republic by peaceful means have failed disastrously.

Several influential figures in the Kremlin regarded the Dudayev regime as a means to fight the Russian Supreme Soviet and its chairman. Therefore, Dudayev was forgiven everything—the murder of fellow citizens, the dissolution of parliament, the shooting up of Groznyy City Soviet, reprisals against the democratic opposition, and even threats against Russia. What is more, the Dudayev regime in the Chechen Republic has assisted the Kremlin's experts and advisers by providing a kind of testing area for perfecting methods for combatting and suppressing people's power in Russia.

It was only recently when the Kremlin actually saw that an armed popular uprising against Chechnya's "mysterious ruler" was brewing, that "Dudayev's time had run out," and that the criminal regime no longer had any social base, that the Kremlin went down the road of recognizing the Provisional Council of the Chechen Republic—an opposition body. I must, incidentally, point out that this happened after my statement of 18 July 1994 "On the Situation in the Chechen Republic" which elicited a wide response and understanding in the republic. The pro-Kremlin organs of the mass media keep quiet about this statement, but this is not so important; the main thing is that the Russian authorities now support the Chechen opposition.

I welcome this recognition of the Provisional Council by the Kremlin. I would consider it essential to take the following steps for a peaceful resolution of the crisis.

A bloody outcome should not be allowed to occur in the republic. Preparations for war in the North Caucasus should not be going on. Yet anxieties of this kind automatically arise on learning of the number of troops that are being concentrated along the Chechen Republic's borders. Who on earth is there to wage war against with such "superior forces" when the Chechen Republic's population itself regards its real adversaries to be just two or three figures in Groznyy and are trying to do everything to restore the strongest possible economic, cultural, and personal ties with Russia. The Chechen Republic's people is one of Russia's peoples and it can only envision its future prosperity and destiny within the unified brotherly family of Russian peoples. But nor will it—like the people of any of the republics or the population of any kray or oblast—tolerate an armed occupation of its land.

If indeed there are plans to invade and if preparations are being made for occupation, I would like to raise my voice in protest and to appeal to Russian, Caucasian, and global public opinion to prevent, while this is still possible, a "second Karabakh," a "new Balkan situation" in the Northern Caucasus.

Despite the complexity of the situation, every opportunity exists to resolve the Chechen crisis by peaceful political means, including through my own personal offices [vozmozhnosti]. I appeal to all parties with an interest in the conflict, first and foremost to the Russian federal authorities, and members of parliament, to help me solve the acute problems of the Chechen crisis. When a real threat to the lives of many people arises, when the appearance of a new seat of military conflict threatens peoples, all prejudice and preconceptions should take a backseat. If anyone is unable to restrain their feelings, then they should at least not interfere in the noble cause of averting a bloody conflict.

I once more call on everybody to be prudent and engage in an urgent search for a peaceful, conflict-free solution to this most complex of crises. Let us finally give the people themselves the opportunity to determine their future by guaranteeing free elections under the eye and with the assistance of the central electoral commission and international observers. These elections should be held no later than two months from the day the Chechen Republic's people establish control over their territory after the fall of the Dudayev regime. I know that this standpoint enjoys full support in the Chechen Republic today.

Says Armed Intervention Possible

LD0808214394 Moscow 2x2 Television in Russian 2055 GMT 8 Aug 94

[Text] Ruslan Khasbulatov, former speaker of the Supreme Soviet of the Russian Federation—in an exclusive interview with POSTFACTUM—said that he unconditionally opposes forcible methods by Russia to resolve the Chechen problem. At the same time, Russia has not made any statements of its intention to resolve the Chechen problem by exclusively peaceful methods. Therefore, he does not rule out military intervention by the Russian Federation.

Khasbulatov believes that the removal of President Dudayev by peaceful means is possible because Dudayev realizes that he cannot emerge the victor in the dispute with the opposition.

Aide Predicts Khasbulatov To Try To Take Power

LD0908120694 Moscow ITAR-TASS World Service in Russian 1015 GMT 9 Aug 94

[By ITAR-TASS correspondent Aleksandr Nechayev]

[Text] Moscow, 9 Aug (ITAR-TASS)—Ruslan Khasbulatov, former speaker of the Russian Supreme Soviet, has arrived in his native Chechnya to overthrow the current regime and then himself take over with the help of the opposition headed by Umar Avtorkhanov, according to an official in Groznyy who predicted the plan would end in fiasco.

"He has come here with the sole aim of destabilizing the situation," Movlen Salamov, an aide to President Dzhokhar Dudayev, told ITAR-TASS by telephone today.

In Salamov's opinion, Khasbulatov is planning to initially use Avtorkhanov to overthrow Dudayev and then himself take over power. "I will guarantee 150 percent that he will not even complete the first phase of his plan," Salamov said.

Khasbulatov no longer enjoys the support in Chechnya that he did during his confrontation with President Yeltsin in 1993. "When he was being persecuted, he was supported here. He thinks that the situation is unchanged. But attitudes toward him changed radically after his latest visit to Chechnya," when he was released from Lefortovo, Salamov said.

Khasbulatov's total failure will be there for all to see in 10 days' time. He will soon be a spent force, Salamov said, adding "he has already been dumped by Russia and he will soon be dumped by Chechnya. The Arab world will not take him. I do not know where he will run to."

Khasbulatov is at present with relatives in Groznyy and the Chechnya authorities are not planning any use of force against him, the presidential aide stressed.

Dudayev: Special Forces Committing 'Provocations'

LD0808130994 Moscow ITAR-TASS World Service in Russian 1207 GMT 8 Aug 94

[By ITAR-TASS correspondent Sharip Asuyev]

[Excerpts] Groznyy, 8 Aug—Chechen leader Dzhokhar Dudayev said that he will resign if the civil conflict in Chechnya is caused solely by his presence as head of state. [passage omitted]

According to Dudayev, the Interim Council is now trying to set up an army of mercenaries in Nadterechnyy rayon. He claimed that recruits are being enlisted in Russia with promises of monthly pay checks of one million rubles. He stated that Avturkhanov is being protected by masked Russian fighters from special-purpose detachments. The Chechen president claimed that it was they on 7 August who fired at four buses with Chechen elders heading for the village of Znamenskoye on a peace mission. One person was critically injured in the attack, but the assailants did not even let anyone dress his wounds.

Dudayev also said that three days ago Avturkhanov's fighters attacked a border patrol. Three men were killed and four injured. The assailants left four assault rifles, a grenade launche,r and a Zhiguli car at the scene of the crime.

Dudayev accused Russian special services of attempts to perpetrate a series of acts of provocations in the last few days with the aim of completely destabilizing the situation in Chechnya. At the same time he said Groznyy has been and still is prepared to start a dialogue with Moscow on equal terms.

In Dudayev's words, Russia, since yesterday, "once again imposed an air blockade on Chechnya." He claimed an anti-Chechen plot is brewing as part of a major Kremlin plot set for the fall.

Dudayev Believes Chechnya To Avoid Civil War

LD0808195094 Moscow INTERFAX in English 1736 GMT 8 Aug 94

[Text] The President of Chechnya Dzhokhar Dudayev has expressed the opinion that his republic will avoid a civil war.

He felt that a war is possible only between Chechnya and Russia, and the Kremlin would be responsible. The Chechen leader was speaking to journalists in Groznyy on Monday.

Meanwhile, the Chief Staff of the Chechen Armed Forces issued a statement in Grozny alleging that the command of the Novorosiisk division was given orders to carry out a combat operation on the territory of the Chechen republic. It also reported that several dozen officers from the Russian task force were transferred to Nadterechny region where the opposition Provisional Council has its headquarters.

Zhirinovskiy Says Dudayev Should Leave Chechnya

LD0808194894 Moscow INTERFAX in English 1853 GMT 8 Aug 94

[Text] Vladimir Zhirinovskiy said that Dzhokhar Dudayev, the separatist leader of the Russian republic of Chechnya, should have been helped to leave his republic a year ago.

"Our inability to react at the right time has led to bloodshed. The problem will eventually be solved in one way or another anyway, but how many unnecessary victims there will be," Zhirinovskiy said in an interview with Interfax.

"We need a single state, a Russian state, so that Russians can feel at home in (the Chechen capital) Groznyy and nobody reproaches a Chechen for being 'a man from the Caucuses.' All republics should be abolished, because as long as there are 'national homes' there will be war," Zhirinovskiy summed up.

Dudayev Supporters Discuss Possible Departure

LD0808132294 Moscow Ostankino Television First Channel Network in Russian 1200 GMT 8 Aug 94

[From the "Novosti" newscast]

[Text] The situation in Chechnya remains at the center of attention of the Russian leadership. According to experts from the Russian president's administration, plurality of power has virtually been established in Chechnya. Analysis of various sources of information show that Dzhokhar Dudayev's decree and instructions are in fact sabotaged at the local level. There is dissent in the Chechen army and the military commanders are making statements in which they confirm that they will not fight against the people. At the same time the authority of the opposition Interim Council of Chechnya is being strengthened. This largely due to the fact that all 22 members of the council are well-known figures in the republic, have not been involved in corruption, and occupy leading positions in their rayons.

There is information that in the circles surrounding Dzhokhar Dudayev various actions are being examined ranging from armed attacks, including the use of aviation against the Nadterechnyy Rayon, right up to the departure of Dudayev to one of the Arab countries. In this respect the idea of Dudayev travelling to Moscow might be used as a convenient excuse.

Chechen Leader Hits Moscow 'Provocations'

MM0808184194 Moscow IZVESTIYA in Russian 9 Aug 94 p 2

[Report by Valeriy Vyzhutovich: "Chechnya Is Excited: Makhmud Esambayev Has Arrived"]

[Text] Groznyy—On closer scrutiny the situation which has arisen in Chechnya with the emergence there of the Provisional Council does not appear as extraordinary as it is portrayed from Moscow. In the settlement of Znamenskoye, in the village of Staryye Atagi, where Makhmud Esambayev's 70th birthday was recently celebrated with highland panache, and in Groznyy itself (I name the places which I have visited myself) everything is as usual. Everything imaginable is for sale all around, people are playing cards in the shade on the bare sidewalks, exchanging rubles for dollars, and cooking shashliks, and sometimes at night the odd shot is fired.... The only mass gathering of people was to be observed last Friday on Groznyy's central square—the people were welcoming their famous fellow countryman, who had arrived in the republic on his birthday.

This is what follows from the dozens of interviews that I have done on the streets, in the markets, on public buses, everywhere that free life flows. Umar Avturkhanov is known to nobody in Chechnya. The general opinion is that the chairman of the Provisional Council, on whom Moscow has gambled, enjoys the support here, in the republic, only of his own relatives and a few fellow countrymen. Hearsay refutes the statement disseminated by Avturkhanov that the Provisional Council is in control of the situation in six rayons and commands the sympathy of 80 percent of the population. The discontent with the Dudayev regime, which many of those I have spoken to do not conceal, is certainly not a sign of sympathy with Avturkhanov, i.e. of mass readiness for revolutionary actions.

"Avturkhanov will be arrested within the next few days," Ayub Satuyev, the republic's minister of internal affairs, told me. His subordinate—Isa Chabayev, deputy chief of Nadterechnyy Rayon Internal Affairs Administration—expressed himself still more definitely: "In addition to small arms, the rayon militia is armed with 19 units of armored hardware, including four Shilka antiaircraft guns. But the operation will proceed without a single shot. Ninety percent of Avturkhanov's guards are our people."

But the means of isolating the new Babrak Karmal do not yet seem to have been finalized here. "We will not arrest the pretender," Chechnya President Dzhokhar Dudayev said in an interview for IZVESTIYA, "but we will demand that Moscow, where he is constantly hiding, surrender him to us as a state criminal."

The Kremlin's impatient interest in the fall of Dzhokhar Dudayev will hardly be satisfied by means of a civil split in Chechnya, even given the presence there of groupings opposed to the regime. Ruslan Labazanov, the leader of one of these formations, met Saturday with Magomed-Khuseyn Alsabekov, mufti of the Chechen Republic. According to the mufti, Labazanov gave an assurance that in the event of Russian intervention he will at once end his antigovernment activity and rally to national combat banners.

In short, there are many signs that the emergence before the people of the Provisional Council headed by a figure such as Umar Avturkhanov does not represent a great problem for the republic's internal life but is of extraordinary significance for future relations between the local leadership and Moscow and between Chechnya and Russia.

"If Russia does not stop the provocations," Dzhokhar Dudayev said in an interview for IZVESTIYA, "it will get a second Caucasus war. The Chechen people are prepared to come out in defense of their republic's sovereignty and independence with weapon in hand."

In the Chechnya president's opinion, the republic which he heads is "becoming a test site for fall events in Russia itself." Elucidating this idea, Dzhokhar Dudayev remarked that "backstage directors, primarily Sergey Filatov, are isolating Yeltsin from objective information about the situation in Chechnya and pushing him toward reckless actions." Mr. Dudayev replied in answer to a question about why this is being done: "To secure his removal. Nobody will forgive Yeltsin for bloodshed in Chechnya, if it comes to that. A model for the removal from power of the legitimate president is being tested in Chechnya. If such a thing can be done with Dudayev, why not with Yeltsin?"

The president of Chechnya briefed IZVESTIYA's correspondent on Saturday's session of the republic's Security Council, when "questions of defending our state against provocative actions by the Russian leadership were examined [no closing quotes as published]. The previous day Aslan Maskhadov, chief of the Chechnya Armed Forces Main Staff, had appeared on local television with a report on the start of the "Summer-94" tactical military exercises in the republic. The exercises are being held 5 through 20 August. Up to 15,000 officers and men of all the categories of troops will participate in them. The program includes defensive fighting in a border zone, combat against an airborne landing force and sabotage groups, missile strikes, rehearsal of counterattacks and a switch to the offensive.... In answer to a question as to whether all this is a show threat, the president of Chechnya replied: "No, they are planned exercises."

Meanwhile a "cold war" between Moscow and Groznyy is in full swing. The exchange of propaganda strikes is becoming regular. The day after the first Ostankino channel showed a program on the Provisional Council of Chechnya—an advertising program in terms of content and form—Dudayev's press service broadcast the same video material, giving the "picture" a new soundtrack in keeping with its own ideas about who Avturkhanov and his supporters are. There was a commentary on the shots recording Avturkhanov's embrace and kisses with a person whom Sultan Geliskhanov, chief of Chechnya's State Security Department, identified as a Federal Counterintelligence Service staffer. During the same days the Stavropol Kray Administration blocked Independent Television news programs on its territory which, in the opinion of Chechen observers, demonstrated objectivity and restraint in their coverage of events here.

The substitution of propaganda for information largely, if not entirely, provoked the Chechen pogroms in Stavropol Kray. According to a report by the republic Ministry of Internal Affairs, more than 100 Chechen residents were attacked and forced to leave Cossack villages and are now on the territory of Naurskiy Rayon. A 17-year-old Chechen was killed in the village of Kurskaya. His grandmother was taken to hospital in a grave condition. In a telephone conversation with Movlen Salamov, aide to the president of Chechnya, representatives of Stavropol Kray Administration declared that they were unable to control the situation because Cossack detachments had arrived in the kray from Russian regions of Russia.

Dzhokhar Dudayev, so he told IZVESTIYA in the interview, remains "ready to hold equitable talks with the leadership of Russia—at presidential or governmental level." But in the present circumstances he sees no real possibility of this. He would like to fly to Moscow only "for a meeting with representatives of certain political parties and movements." Dudayev's Moscow supporters, who are close to the leadership of the Russian National Assembly, are petitioning, so far unsuccessfully, the Russian Ministry of Foreign Affairs to issue an entry visa to the president of Chechnya.

These and other personal problems of Dzhokhar Dudayev, however, are now of concern to few people in the republic. Just like the further fate of Umar Avturkhanov. For the fourth day now just one person in Chechnya commands boundless universal attention—Makhmud Esambayev.

Dudayev's Conspiracy Claims Rebutted

MM0908082594 Moscow TRUD in Russian 9 Aug 94 pp 1, 2

[Telephone interview with Chechen President Dzhokhar Dudayev by TRUD political observer Yuriy Lepskiy on 7 August, followed by "Necessary Commentary" comprising telephone statements by Tatyana Samolis, press secretary to the director of the Foreign Intelligence Service; Vladimir Tomarovskiy, acting chief of the Federal Counterintelligence Service Public Relations

Center; Vladimir Nikanorov, deputy chief of the Russian Defense Ministry Information and Press Directorate; and Leonid Golovnev, deputy chief of the Russian Ministry of Internal Affairs Public Relations Center; place of interviews not given: "The 'Terrible' Kremlin?... Dzhokhar Dudayev Answers TRUD Political Observer's Questions"—first paragraph is introduction]

[Text] I only succeeded in reaching the Chechen president on the telephone on Sunday after lunch. I give the day and time since the situation in this region is changing rapidly and what was said on Sunday may no longer be topical Tuesday. However I hope that will not happen this time....

[Lepskiy] Mr. President, many of my colleagues in Russia now think that political relations between Russia and Chechnya are steadily sliding toward war. What do you think? Will there be war?

[Dudayev] There will be no war. The situation in Chechnya is normal although we are conscious of strong psychological pressure. Some people in Russia are impatient to begin combat operations here.

[Lepskiy] When you say "some people," to whom specifically are you referring?

[Dudayev] We have accurate information that this morning (Sunday, 7 August—author's note) the Russian president was visited by Defense Minister Grachev and Internal Affairs Minister Yerin. They both demanded that troops be introduced into Chechyna since the Russian counterintelligence service's plan to form a mercenary army in Chechnya's Nadterechnyy Rayon is clearly misfiring. The Russian Government allocated 5 billion rubles [R] allegedly to pay pensions and subsidies in Nadterechnyy Rayon. In actual fact this money has been used to fund a mercenary army. Each mercenary has been promised R1 million a month. But, I repeat, they won't succeed there. Therefore Grachev and Yerin have demanded that troops be urgently introduced....

[Lepskiy] What is the source of your information?

[Dudayev] Our people in the Kremlin operate reliably and promptly. We receive the information no later than three hours after the event.

[Lepskiy] You are constantly saying that the Russian special services are involved in events in Chechnya, but you do not cite any specific facts....

[Dudayev] I can give you one specific fact. A few days ago the program "Moscow, The Kremlin" was shown on television about Filatov and the interim council that has been set up in Moscow. Umar Avturkhanov was shown at a Russian military airfield embracing a Russian Federal Counterintelligence Service [FCS] officer, who is well known in Chechnya, at the State Security Department. The fact that this man is "running" [vedet] Avturkhanov is also well known....

[Lepskiy] Are you saying that Avturkhanov has direct links with the Russian special services?

[Dudayev] Yes, of course.

[Lepskiy] What about Ruslan Labazanov?

[Dudayev] Labazanov is being used by the Russian special services for a definite purpose. Incidentally, it was also a mistake to bank on Labazanov. He is now at home, our religious people, elders are holding talks with him. His voluntary surrender is being prepared....

[Lepskiy] On which political circles do you now rely in Russia? In other words, who are your friends in Russia and who are your enemies?

[Dudayev] Our friends are the Russian people, those people who are campaigning for the Russian idea, for the restoration of Russian statehood. Our enemies are those people who are today organizing the provocations around and in Chechnya itself. Primarily the new general secretary, Sergey Filatov, who is at the heart of the anti-Chechen conspiracy. He is now rehearsing a scenario in Chechnya that will be used in the fall to overthrow Yeltsin....

[Lepskiy] Excuse me, but are you talking about the head of the president's staff?

[Dudayev] Of course I am! Filatov is the man behind the anti-Yeltsin conspiracy. His plan is simple: First he will get the president to make ill-conceived decisions on Chechnya, then he will plunge him into a bloodbath in the North Caucasus in order to then charge him with being incompetent and unable to provide a political settlement to the problem.

[Lepskiy] In a recent interview with MOSKOVSKIY KOMSOMOLETS you said that all non-Russians in the Russian Government are enemies of Russia and Chechnya. Might the journalists have been inaccurate in expressing your thoughts?

[Dudayev] No, it was all accurate. I think that the non-Russian element in Russia will stir up trouble and plunge the Russian people into fratricidal warfare.

[Lepskiy] So, are there only Chechens in your government apparatus?

[Dudayev] Why? No. Our minister of machine building is a Russian, the head of the statistics administration is a Georgian. We are an international group.

[Lepskiy] It is well known that retired KGB General Sterligov invited you on behalf of the so-called patriotic organizations to visit Moscow. When do you intend to go?

[Dudayev] My coming to Moscow is a matter of technicalities. However today it is impossible. We have received official notification from Russia's department of transport that air traffic links between Groznyy and Moscow are being suspended. The notification came immediately after Sterligov's invitation to visit Moscow. We now have no means of getting to Russia.

[Lepskiy] To what do you attribute this ban?

[Dudayev] The Moscow authorities are afraid of Dudayev, that is why. They have gotten accustomed to corrupt, dependent, subordinate politicians. But I do not sell myself, I am independent, it is hard to control me. That is why they do not want to sign the Federation Treaty with me. If my signature stands at the foot of an official document, Dudayev automatically becomes a legitimate politician on the Russian political scene. And they are afraid of an official politician of this kind. They need manageable, corrupt politicians. Like Avturkhanov or Zavgayev—a career colonel in the FCS and member of Filatov's apparatus.

[Lepskiy] Excuse me, who are "they"?

[Dudayev] The people who are prompting President Yeltsin to take extreme measures. Yerin, Grachev, Filatov, Primakov, Stepashin, and Emil Pain—the president's adviser. They have already formulated an operation to physically eliminate the president of Chechnya. They have resolved to kill me before 6 September. And then bring troops into Chechnya. But their plans are known as you can see.

[Lepskiy] Are you hoping to meet with the Russian president?

[Dudayev] Yes, moreover this meeting is primarily in Russia's interests. We could sign a communique and ease the acute tension in Chechen-Russian relations. Then President Yeltsin could see for himself that Dudayev is by no means the monster that his assistants and the Russian president's advisers paint him.... [Dudayev ends]

Necessary Commentary

After talking to Dudayev I telephoned the Federal Foreign Intelligence Service [FIS], the FCS, the Defense Ministry, and the Ministry of Internal Affairs [MVD] and asked them to comment on everything that I had heard from Dudayev.

Tatyana Samolis, press secretary to the director of the FIS:

"I can only say that our department has not directed, is not directing, and has no intention of directing any operations in Chechnya. That would contravene the functions prescribed for us by law. We only operate outside Russia, barring the CIS states. Chechnya is an integral part of Russia and as such is not a sphere of our professional interests."

Vladimir Tomarovskiy, acting chief of the FCS Public Relations Center:

"It has all been fabricated from start to finish. Starting with the fact that the FCS is not directing and does not plan to direct any operations in Chechnya. Neither Avturkhanov nor Zavgayev are FCS career staffers, neither is being 'run' or recruited...."

Vladimir Nikanorov, deputy chief of the Russian Defense Ministry Information and Press Directorate:

"Dudayev refers to some meeting with the Russian president in which Pavel Grachev took part. However, the defense minister is on vacation in a resort in the Caucasus, he was not in Moscow last Sunday, he did not break off his vacation, and naturally did not have any talks with the president about introducing troops in Chechnya. Regrettably, we are once again dealing with fabrication...."

Leonid Golovnev, deputy chief of the Russian MVD Public Relations Center:

"Minister Yerin simply could not have taken part in a conference with President Yeltsin, he was in St. Petersburg at the time attending the Goodwill Games. So, Dudayev's sources of information are simply deceiving him. Not to mention the demand to introduce troops in Chechnya.... That too is from the realms of Dudayev's fantasies of battle. Nor are we aware of any plan to physically eliminate Dudayev, and what is more by 6 September. You are the first person I have heard talk about this 'plot'...."

Troops on Chechen Border on 'Increased Combat Alert'

LD0908093094 Moscow Radio Rossii Network in Russian 0900 GMT 9 Aug 94

[Text] Russian Interior Ministry subunits deployed in areas of Stavropol Kray bordering on Chechnya have been placed on increased combat alert. This has been disclosed by the information directorate of the Russian president's administration. These measures have been taken because of the need to preserve public order in the region.

Reports say the situation in Chechnya continues to be explosive. Chechen officials are threatening acts of terrorism on Russian territory. Experts reckon that Dzhokhar Dudayev is banking mainly on various nationalist forces in the North Caucasus.

Volunteer Force Formed in Nadterechnyy Region

LD0808173694 Moscow INTERFAX in English 1545 GMT 8 Aug 94

[Text] A volunteer force is being formed in Chechnya's Nadterechnyy region which declared its opposition to President Dzhokhar Dudayev three years ago.

There was a concentration of vehicles and dozens of armed people describing themselves as members of a volunteer force from Groznyy in the courtyard of the mayor's office in the administrative center Znamenskoye on Monday, an Interfax correspondent reports from the region.

Asked if they wanted Russian troops to be sent to Chechnya, almost all of those questioned said no.

"When brothers are fighting, neighbors should not intervene," one volunteer said adding that "we will be the first to defend the republic if Russia intervenes."

Asked whether it was possible to avoid bloodshed when the problem of toppling Dudayev came on the agenda, another volunteer, aged 25, said: "Of course, it is not ruled out there will be bloodletting and victims, but we will sort it out between ourselves, we are strong enough. Should Dudayev deal a preemptive strike, we have all it takes to rebuff him."

Nonetheless, the volunteers are hopeful for a peaceful solution to the current stand-off. "The elders will sort it out and there will be no bloodshed," they said.

Asked when the opposition provisional council led by Umar Avturkhanov was likely to install itself in Groznyy, they said that it would be all over by September.

Opposition Units Head for Nadterechnyy

LD0808142494 Moscow INTERFAX in English 1324 GMT 8 Aug 94

[Text] The opposition continues to deploy its formations in Chechnya's Nadterechnyy Region, the press center of the Provisional Council told Interfax on Monday. Opposition units are streaming in from all parts of the republic, it said.

A spokesman for the Provisional Council stated that the population and religious leaders are building up support for the Provisional Council.

The spokesman refuted the assertions of the Chechen authorities that they controlled the whole of the Chechen territory.

The city of Argun is still controlled by the group led by Ruslan Labazanov, while the village of Shalazhi, which had proclaimed itself a republic, elected local resident Ruslan Zakhriyev to the post of its president, he said. This village refused to obey Dzhokhar Dudayev and is currently guarded by a local self-defense unit.

The village of Gekhi in the Urus-Martan Region is controlled by the Chechen president's former ally Beslan Gantemirov.

Representatives of the Chechen opposition stated that the Provisional Council was ready to pay the wages and pensions owed to the population of Chechnya.

By August 7, the teachers of the Nadterechnyy Region received back pay from August 1993 to March 1994, and medical personnel - from August 1993 to May 1994. Pensioners have at last received their pensioners and compensations for January and February 1994.

In addition to this, the Provisional Council has allocated 5 million rubles to each of the local state farms and 2 million rubles to each of the local schools to prepare for the new school year.

The remaining 32 organizations, establishments and enterprises have divided 223.69 million rubles.

Chechens Flee From Alleged Russian Invasion

LD0808130594 Moscow ITAR-TASS World Service in Russian 1139 GMT 8 Aug 94

[By ITAR-TASS correspondent Vladimir Bondarenko]

[Text] Znamenskoye (Nadterechnyy Rayon of Chechen Republic), 8 Aug (ITAR-TASS)—Residents of Naurskiy Rayon in the north of Chechnya were panicked by reports of an invasion allegedly started by Russian troops. People fled for safety to the other bank of the River Terek.

Just after midnight motor vehicles and other forms of transportation suddenly flooded across the Peshcherskiy bridge linking two neighboring rayons of Chechnya—Naurskiy and Nadterechnyy Rayon.

Women, old people, and children fled on foot, carrying their goods and chattels. Fighters of the people's militia of Nadterechnyy Rayon, which is the main base of the opposition Interim Council headed by Umar Avtorkhanov, explained that approximately an hour previously people in uniform in two cars, who had arrived in the village [stanitsa] of Peshcherskaya which borders on Stavropol Kray, started knocking at the doors of residents' houses and shouting that Russian troops and Cossack units were on their way, that the Russians were killing all Chechens one after the other, and that they [the residents] must urgently leave for the other bank of the Terek.

The panic spread to some of the residents of Nadterechnyy Rayon villages as well, those who have relatives in Naurskiy Rayon. The militia managed to stop the fleeing crowd, to reassure them, and to persuade them to return home. There are no casualties.

This is not the first time that such inventions have been spread regarding an invasion of Chechnya by Russian troops which is allegedly being prepared.

The Interim Council of the Chechen Republic appealed to all residents to remain calm and not to let themselves give way to provocation.

Air Services to, From Groznyy Suspended

LD0908083594 Moscow ITAR-TASS World Service in Russian 0654 GMT 9 Aug 94

[Text] Moscow, 9 Aug (ITAR-TASS)—Flights from airports in Russia [to Groznyy] and from Groznyy to airports in Russia have been temporarily suspended, ITAR-TASS was told today by Oleg Trufanov, deputy director of the Russian Federation Department of Air Transport.

He added that his department decided to suspend flights to Chechnya and from that republic to Russia because of the threat to flight safety and in order to protect passengers' life and health.

No. Ossetia Message to Shakhray on Refugees

LD0808165594 Moscow ITAR-TASS World Service in Russian 1106 GMT 8 Aug 94

[By Itar-Tass correspondent Valeriy Shanayev]

[Text] Vladikavkaz, 8 August—A schedule for refugees and Ingush migrants to return to the towns of Chermen, Kurtat, Dongaron, and Dachnoye in North Osetia's Prigorodnyy Rayon has been drawn up by the North Ossetian Government. President Akhsarbek Galazov and Speaker Yuriy Baragov said this in a message today to Sergey Shakhray, Russian Federation vice prime minister; Nationalities Minister Nikolay Yegorov; and Provisional Administration Head Vladimir Lozovoy.

The document stresses that attempts to force people to move are impermissible, and it notes that coordinated action is needed by the Provisional Administration and the bodies attached to it. "Even distributing the information that force will probably be used to resolve the issue provokes opposition to the regulation of Osetian-Ingush relations among a section of the population, and it undermines any positive tendencies which have developed," the message stresses.

Roundup of Latest Developments in Chechnya

MM0908095394 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 9 Aug 94 p 2

[POSTFACTUM report: "Dzhokhar Dudayev Changes Profession"]

[Text] The latest session of the Chechen Republic Security Council, held in Groznyy yesterday, examined the situation "relating to the sharp galvanization of the Russian special services in undermining organs of Chechen state independence and discrediting the Chechen Republic."

The Security Council Secretariat drew up a series of measures to protect the constitutional structure of Chechnya.

In an interview with journalists Sunday [7 August], the president of the Chechen Republic stated that he had changed his decision to hold early elections in 1995 due to the fact that, immediately following this statement—which was made a few weeks ago—three people's militia regiments had been formed and had issued an ultimatum that a decision on the elections should be made not by the president but by the people.

Thus, the presidential elections will be held, in line with the constitution, in 1996. Dudayev does not intend to run. "Currently the world does not want Dudayev. If the world recognizes the Chechen Republic, I am ready to conclude an agreement saying that I will leave at that time, not take part in politics any more, and grow flowers," D. Dudayev stated.

Referring to a possible trip to Russia, Dudayev stated that under no circumstances is he refusing an invitation. But, according to him, it was reported Saturday [6 August] that as of 8 August flights between Moscow and Groznyy could be stopped.

According to information from various sources, multiple authority has to all intents and purposes become established in the republic. And the situation of three years ago—when inhabitants of the village of Shalazhi jokingly declared themselves a separate republic with Ruslan Zapriyev as its president—is a real picture of the current position in the Chechen state.

Meetings and rallies are being held in Nadterechnyy Rayon, which is under opposition control.

The president's opponents claim that Dzhokhar Dudayev's edicts and directives are being sabotaged at local level and that there is ferment in Chechen army units.

According to information from the same sources, D. Dudayev's entourage is looking at various options—from armed strikes (including air strikes) against Nadterechnyy Rayon to flying Dudayev out to an Arab country under the cover of a trip to Moscow to meet with "Russian patriots."

The opposition, as is clear from a statement issued by Interim Council Press Secretary Ruslan Martanov, is not, for its part, ruling out the possibility of an armed solution to the problem.

Clashes between the warring factions continue. According to R. Martanov, there was a firefight last weekend between armed opposition members and staffers from the Chechen State Security Department on the border between Nadterechnyy and Naurskiy Rayons. It resulted in fatalities and injuries. The clash has also been confirmed by official Groznyy.

Ruslan Khasbulatov, former chairman of the Russian Supreme Soviet, arrived in Groznyy this afternoon.

A 20-car escort drove past the presidential palace around 1400 hours, marking Khasbulatov's arrival by firing off all kinds of small arms.

Ruslan Khasbulatov is currently visiting his brother in Groznyy.

Situation in Chechnya 'Remains Explosive'

LD0908130094 Moscow INTERFAX in English 1149 GMT 9 Aug 94

[Text] "The situation in Chechnya remains explosive," says a statement released by the Russian President's Information Department in Moscow Tuesday.

It notes that "authorities in Groznyy are whipping up nationalist hysteria, demonstratively stepping up mobilization activity, Chechen officials have been threatening to stage terrorist acts on the territory of the Russian Federation. The situation is being used by Dudayev to set up an alliance of various North Caucasian nationalist forces."

The document quotes the leader of the Caucasian Peoples Confederation Musa Shanibov as warning that "any escalation of the Russian-Chechen show-down can trigger carnage in the North Caucuses with its 12 million Russian inhabitants as hostages."

According to the information department, tension is running high in the Stavropol region bordering with Chechnya. The Russian interior ministry troops based in the region have been put on high alert to ensure calm.

Shakhray Chairs Meeting on Problems of Northerners

MK0908070594 Moscow SEGODNYA in Russian 9 Aug 94 p 3

[Report by Gleb Cherkasov under the "Periphery" rubric: "Russian Government Turns to North's Problems Once Again. Stabilization Fund for Unresolved Problems To Be Set Up"]

[Text] Russian Deputy Prime Minister Sergey Shakhray chaired a meeting the other day devoted to the implementation of the State Program for Economic and Cultural Development of Small Peoples of the North in 1991-1993; the meeting was attended by officials from a number of interested ministries and agencies, including the Economy Ministry, Finance Ministry, Construction Ministry, Nationalities Ministry, and so forth, and also representatives of the administrations of the Koryak and Khanty-Mansiysk Autonomous Okrugs.

Participants in the meeting pointed out the extremely low level of implementation of a number of State Program provisions: For instance, only 19 percent of planned housing projects were completed; the figure is 7 percent for secondary schools and 4 percent for preschool facilities, whereas planning targets for the construction of highways and gas and water supply facilities have been virtually botched. It was acknowledged at the meeting that the current situation was caused by inadequate financing.

In order to rectify the situation, it was decided to set up a stabilization fund to be financed from payments for the use of natural resources in the areas populated by small peoples of the North and also from the proceeds of the privatization of state and municipal enterprises in the areas of the Far North. In addition, the Ministry for Nationalities Affairs and Regional Policy was tasked with drawing up and submitting to the Russian Government a Federal Program for the Economic and Social Development of Small Peoples of the North from 1996 to the year 2000.

State Duma Deputy Sergey Stankevich, member of Sergey Shakhray's Party for Russian Unity and Accord, for his part, has visited the Republic of Komi. Addressing a meeting at the local Supreme Soviet, Mr. Stankevich pointed to the urgent need for the State Duma to reconsider the law on the North so as "to turn it into a document of actual state policy of the assimilation and development of the Russian North." In Sergey Stankevich's view, "the country's tax policy should take into account specific characteristics of the regions, particularly Northern regions."

Kaluga Elections Invalid; Repeat Vote Due 30 Oct

MM0908103394 Moscow ROSSIYSKAYA GAZETA in Russian 9 Aug 94 First Edition p 1

[Report from ROSSIYSKAYA GAZETA, ITAR-TASS column under the "Yesterday, Today, Tomorrow" rubric: "Kaluga Still 'Duma-Less'"]

[Text] Kaluga has ended up as one of the cities temporarily without a local representative authority. The elections were not valid even after an additional ballot conducted in 12 electoral districts in June: Less than one-fourth of the townspeople turned out to vote.

A. Minakov, the city's new head, has decreed that repeat elections of city duma deputies be held 30 October.

International Affairs

Perry Says More U.S. Disarmament Aid Forthcoming

LD0808211394 Kiev UT-1 Television Network in Ukrainian 1800 GMT 8 Aug 94

[Text] The first direct telephone link took place today between Army General Vitaliy Radetskyy, Ukraine's minister of defense, and William Perry, U.S. secretary of defense.

[Begin Unidentified correspondent recording] The direct telephone link was established in accordance with an earlier agreement between the Ukrainian and U.S. defense ministers. Ukraine's Ministry of Defense received a telephone call from Mr. Perry today. This conversation was the first of its kind between the two defense ministers, and quite naturally concerned important issues of bilateral relations.

William Perry told Vitaliy Radetskyy that Vice President Albert Gore was fully satisfied with his recent visit to Ukraine and hoped for Ukraine's further consistent steps in the implementation of the trilateral statement by the presidents of the United States, Ukraine, and Russia on nuclear disarmament. Gen. Radetskyy pointed out that while Ukraine and the Russian Federation were making every effort to abide by their commitments, the pace of American financial assistance to the nuclear disarmament program was rather slow. This concerned both the Supreme Council of Ukraine, the government, and the president. Perry told Radetskyy that Ukraine would soon receive $270 million according to the Nunn-Lugar program, and a special expert group would be sent to Ukraine within the next two weeks led by Edmund Carter, an assistant to the U.S. secretary of defense, to study specific projects on the use of these funds. At the conclusion of the telephone conversation, which also raised other issues, the U.S. and Ukrainian defense ministers expressed satisfaction with the pleasant and good-natured dialogue which became another step in the development of bilateral relations between our countries. [end recording]

Warship To Participate in NATO Naval Exercise

LD0808180494 Moscow INTERFAX in English 1350 GMT 8 Aug 94

[From the "Diplomatic Panorama" feature: by correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[Text] A Ukrainian warship will take part in a NATO naval exercise to train peacekeeping operations, the commander of the Ukrainian Navy, Vladimir Bezkorovaynyy, said.

The ship that is to participate in the exercise, to take place in the Mediterranean, will shortly leave for Turkey and by the end of the year enter the Adriatic, Bezkorovaynyy told Interfax. It would also call at Naples, he said.

Speaking on Sunday at a welcoming ceremony for the escort vessel Hetman Sagaidachny, which had returned from the international Liberty Armada parade, Bezkorovaynyy said that the fact that a Ukrainian ship had been invited to participate in the D-Day celebration in Normandy testified to the recognition of Ukraine and its Navy.

He said the Ukrainian sailors had displayed excellent training standards and performed splendidly during their joint exercises with French ships.

Bezkorovaynyy said Hetman Sagaidachny was the first Ukrainian naval vessel to have sailed in the seas of the Atlantic. He said the ship had visited the French ports of Marseilles, Toulon and Rouen.

Radetskyy Thanks Belarus for Exercise Participation

LD0808211894 Kiev UNIAR in Ukrainian 2030 GMT 8 Aug 94

[Text] Kiev, 6 Aug—Ukraine's railway troops recently held an exercise. Army General Vitaliy Radetskyy, the minister of defense, has thanked Petro Shapoval, chairman of the Chernigov Oblast Council of People's Deputies, and Vitaliy Kosykh, chairman of the Chernigov City Council of People's Deputies, for their help in the organization of the exercise.

The Ukrainian defense minister has also thanked Colonel-General Anatol Kastenka, the Belarusian defense minister, for the participation of a Belarusian Army subunit. Radetskyy believes that joint Ukrainian-Belarusian exercises have become a good example of military cooperation between the two countries' defense departments.

Russian Ship Said To Be Detained Legally

LD0808210094 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 8 Aug 94

[Text] Foreign media—including those in Russia—have reported that Ukrainian border guards are holding the Russian ship Module, with more than 59 tonnes of ammunition on board, which was detained six months ago. The cargo is documented as property of the foreign trade chamber of Ukraine's military-industrial complex and was destined for Angola.

Our correspondent has asked Army General Valeriy Hubenko, chairman of the State Committee for the Protection of State Borders and commander of the Ukrainian border troops, to comment on the report. He said that the aforementioned cargo of ammunition was being smuggled, and there were no grounds for taking it out of the country.

Gen. Hubenko stressed: Our border guards legitimately detained the cargo, which they are now guarding at a considerable cost. We are ready to hand it over immediately to its owner, who is to be determined by lawyers. We are waiting for their decision.

Parliamentary Talks With Russia Reviewed

WS0808081594 Kiev HOLOS UKRAYINY in Ukrainian 30 Jul 94 p 2

[Report by Anatoliy Kraslyanskyy: "Oleksandr Moroz: 'There Are No Minor Issues in Relations Between Ukraine and Russia'"]

[Text] *The first thing emphasized repeatedly by Ukrainian Supreme Council Chairman Moroz both in Moscow and Kiev during a news conference upon his return from Russia, was that the talks between parliamentary Russian and Ukrainian delegations were held in an unusually warm, trustful, and sincere atmosphere. Someone might say: Well, nice words and sincere smiles may conceal shady deals. A joint communique, which was signed after the conclusion of the talks, testifies to fact that the sincere atmosphere has produced good results. The communique is an official document, however, and it is easy for specialists to separate wheat from chaff.*

"Desiring to fully embody the will of both nations to live in brotherly friendship and neighborliness," the communique states, "as well as taking into account the primary importance of cooperation between the two sovereign states, both sides confirmed their mutual interest in using interparliamentary dialogue to further bilateral relations between Ukraine and Russia... The sides confirmed their readiness to promote in every possible way the building of special relations based on an equal strategic partnership in all spheres of both states' vital functions, while relaying on agreements attained in bilateral relations and within the CIS framework."

Behind these words—concrete agreements and an entire program for establishing true brotherly relations with the people of the neighboring state. Let us admit that the word "brotherhood" has these years been excluded from our vocabulary...

Through the Economy to the Man

The head of the Ukrainian parliament has said: Seventy percent of negotiating time was devoted to economic problems. What were the main points of interest for Ukrainian and Russian parliamentarians? In the first place, they were the processes of mutual integration of neighboring countries' economies, which are sometimes stimulated, despite the activities of certain politicians, by life itself.

For instance, residents of border oblasts in Ukraine and Russia, not waiting for certain legislative acts, have begun very active cooperation, in particular, in the production sector. O. Moroz and I. Rybkin were unanimous in their conclusion: If legislation does not fall in line with realities of life, let the productive processes stimulate legislators.

In this context, an idea has emerged to put the legislative basis of both countries with regard to economic relations of border oblasts (and not only of them) into common legal language. One must act, participants in the talks stressed, as a keeper of an English park: Let us see where the people walk before laying the paths.

"The talks," Oleksandr Moroz said, "touched upon all forms of economic relations. The main topics, however, concerned the settling of mutual accounts and the safeguarding of conditions for operation of Ukrainian capital in Russia and Russian capital in Ukraine, as well as the activity of those enterprises and capacities which were created by former generations."

There are many problems heaped in these spheres, and life demands that they should be resolved immediately. For example, can it be called a partnership with 17 Russian banks operating in Ukraine and not a single Ukrainian bank in Russia? Everybody knows that Russian capital in our country has already been working a long time under reliable security of our legislation, which cannot be said about our entrepreneurs in the neighboring country.

A member of the Ukrainian delegation, Deputy Finance Minister Borys Sobolev, while supporting the modern model of integration processes, explicitly asserted equal possibilities for Russian and Ukrainian business circles to enable Ukrainian enterprises to open offices in Russia, lease premises, and fixed capital. [sentence as published] Enterprises, in his opinion, should have access to the market of state orders in both states, as well as in third countries.

Oleksandr Oleksandrovych [Moroz] has illustrated this with the following example: Nuclear reactors of Ukraine and Russia possess approximately the same characteristics. To improve them, the Russians, for some reason or another, have rushed to buy turbines in the West. Why, the head of the delegation asked, are they spending hard currency on them when there are high-precision and high-level turbines produced in Kharkov? This is what a break in integration processes and formerly secured markets can cause.

Thus, the head of the Ukrainian parliament urged the creation of joint industrial-financial groups, transnational corporations, and Russian-Ukrainian banks, that is, the simplification of mechanisms for cooperation and settlements between Russian and Ukrainian business circles. All this together should benefit both sides by stimulating the two countries' economies.

Have these appeals been heard in Moscow? Has anything changed for the better? Not only statements by V. Shumeyko, I. Rybkin, and A. Kozyrev, but also the official communique testify to the fact that the ice has been broken. By the way, Moroz's goal—to expedite through negotiations the signing of a large-scale agreement between Ukraine and Russia, which has to be fulfilled in Kiev according to a political scenario—has been achieved. Such is the opinion of experts who worked in both delegations.

Crimea, Rome, and Copper Pipes

There would have been no negotiations at all if they had not touched upon "hot spots" and problems which stir today not only politicians (and owing to politicians, too), but also almost everyone.

Undoubtedly, the topic of Crimea could not be overlooked by these high-level negotiations. It was also the topic of discussion at the meeting of Russian Prime Minister Chernomyrdin with Moroz, as well as at the talks of the Ukrainian delegation with V. Shumeyko and, later on, during a comprehensive discussion in the State Duma.

Let impatient enthusiasts of policies and politicians remain where they are: The discussion of this topic was calm and balanced, with full understanding of the situation and a desire to undo this Gordian knot as soon as possible. Konstantin Zatulin, head of the State Duma committee for CIS matters, said: "At one time, when certain strains began to appear between Kiev and Simferopol, we adopted statements (I remember them very well because I wrote them myself) on the need to manifest the maximum degree of restraint and composure. Irritation and impatience often lead to unforeseen consequences. Right now, while negotiating with Oleksander Moroz, I fully and without any reservations share the opinion that the Crimea is a part of Ukraine, and that it is necessary to fix the principles of Ukraine's territorial integrity once and for all. We appeal for a positive approach toward any dialogue between Kiev and Simferopol and try, within the limits of the possible, to act in such a way as to support the positive and constructive development of these relations."

Does one need to add something else? Only one thing: Let these desires take a concrete shape.

By the way, it was stated at the news conference that the media often, in an artificial way, destroy the peace around the Crimean problem and exacerbate this situation. I. Rybkin agreed with this anxiety and expressed his regret for taking such approaches by certain publications and television companies.

Participants in the talks viewed with full understanding the Ukrainian parliament head's position with regard to the Black Sea Fleet. "We proceed from the assumption that the Black Sea presents a peculiar strategic interest of both Ukraine and Russia," Oleksandr Oleksandrovych said. "If the Fleet is divided, both of its parts should interact with each other as the military institutions of two friendly states."

The stance of the Russian and Ukrainian sides during the recent talks in Rome provided an example of how Ukraine and Russia may jointly resolve strategic problems in the international arena. This has to be followed by other similar, mutually beneficial actions, the negotiators commented.

As a logical summation of the Moscow meeting, it was agreed that the parliaments of Ukraine and Russia will do everything possible to celebrate the 50th anniversary of the victory jointly, as it should be with such an event.

Summing up the talks, Oleksandr Moroz said that interesting and useful work has been done to open valuable avenues for cooperation between the parliaments, power structures, as well as entities of economic and political life. He noted that this impulse for the building of good-neighborly and fraternal relations between the people of the two great states should be developed in the course of resolving specific problems.

National Affairs

Kuchma Makes Appeal for Stronger Presidency

LD0808164094 Moscow INTERFAX in English 1516 GMT 8 Aug 94

[From the "Presidential Bulletin" feature: No. 151 (641) compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[Text] President Leonid Kuchma says that the democratically-elected head of state must be the country's leading statesman and supreme executive to help carry out a successful economic reform and counter effectively the criminal underworld.

In a speech to regional leaders and managers of the agro-industrial complex of northwestern Ukraine in Lutsk, he called for transforming the country into "a presidential-parliamentary republic" instead of the existing parliamentary-presidential form of government which, he says, fails to meet the needs of the state. IF Note: Left-wing parties wielding a majority in parliament are opposed to the idea of vesting the president with greater powers. The draft of a presidency law they compiled assigns the role of a mere figurehead to the president. However, Speaker of Parliament Aleksandr Moroz of the Socialist Party has joined an appeal to the nation by Kuchma and Prime Minister Vitaliy Masol calling for a strong executive led by the head of state.

Earlier, in a speech to top police officials Kuchma stressed that a strong executive presidency that his administration would be coming up with soon was needed above all to combat the threat of the society's criminalization.

He spoke of the emergence of a fifth semi-criminal branch of government by shadow economy dealers which, though invisible, had substantial leverage on all government bodies. "It wields influence on the legislature and all level government structures, including the cabinet and various ministries, let alone on economic matters, law enforcement bodies and the mass media", Kuchma said.

At the same time, he spoke of mafia rings being rent apart by internal differences because of a lack of one center. Therefore, said Kuchma, the chance of preventing the society from turning into a wholesale mafia ring is still there.

In this connection, the president called to set up special teams of investigators under the prosecutor general's office to fight against corruption in the higher echelons of power. "But these must be subordinated to the president alone while they exist", Kuchma said. He also called to retain capital punishment for more serious crimes. Although this runs counter to European practices, the measure is a forced one in conditions such as ours, Kuchma said.

IF Note: Council leaders of the eight western regions which voted heavily for ex-President Leonid Kravchuk in recent presidential elections had hailed Kuchma's intention to vest them with governorship powers on the ground and backed up his idea of consolidating the country's presidency.

Regional Leaders Back Kuchma

MK0908075094 Moscow KOMMERSANT-DAILY in Russian 9 Aug 94 p 4

[Report by Svetlana Sukhova: "Kuchma on Structure of Executive Power. Nostalgia for a 'Firm Hand' Is Proving To Play Into Leonid Kuchma's Hands"]

[Text] As the economic crisis in Ukraine is worsening the political lines are being drawn more clearly. New President Leonid Kuchma, who is out to expand his powers to the maximum by leveling out those of parliament, has gained the support of his former opponents. Yesterday, the heads of eight western oblasts of the republic declared for the creation of a "presidential hierarchy."

Much as KOMMERSANT-DAILY predicted, the statements about cooperation between the new president, Leonid Kuchma, and the head of parliament, Oleksandr Moroz, were only fine words. The "poor peace" only lasted one month. Objectively, it could not have lasted longer, however: The economic crisis in the republic is gradually turning into a national catastrophe. The existing 70-percent production stagnation, the budget deficit, and the colossal foreign debt (Kiev owes 239 billion rubles for supplies of Russian petroleum products alone) have now been compounded by the problems of crop failure. In order to halt the economic slump, to say nothing about stabilizing the situation, there should be complete unanimity "at the top", something which is not in evidence in Kiev.

Kuchma has already spoken for turning the republic from "a parliamentary- presidential into a presidential-parliamentary." He thinks the present form of rule "does not meet the country's needs, and the popularly elected president should occupy the supreme position in the state." Notably, the leaders of eight western oblasts of the republic who earlier backed Kravchuk spoke yesterday for this proposal of Kuchma's. Such an abrupt change of political bets is accounted for not so much by agreeing with the president's course as by the desire to centralize power in the republic.

The demands for "a firm hand" are growing increasingly popular in Ukraine today. The power slipping away from the deputies is flowing into the hands of Kuchma, who has skillfully taken advantage of the parliament recess to consolidate his own position. Carrying through the "divide and rule" policy, he has already won support of more than half the regions' leaders. In particular, Kuchma is pressing for increasing the regions' economic power. True, the regional leaders will also get the powers of the president's representatives. According to Kuchma, this would help form the very necessary "clear-cut executive hierarchy at the top of which is a head of state elected by the people." The regional authorities in this case would only be accountable "to the voters and the president."

The main battles for power, however, will unfurl right at the start of September when the parliamentary recess ends. However, already the leaders of several parliamentary factions have spoken against increasing the president's powers. This is mainly the left-wing parliamentary majority pressing for the speedy passing of a law "On the President's Powers," whereby Kuchma is only assigned representative functions.

Edict on Strengthening Executive Bodies

LD0808194794 Kiev UT-1 Television Network in Ukrainian 1800 GMT 8 Aug 94

[Text] On 6 August the president of Ukraine issued an edict on measures to implement structural changes and ensure leadership in the sphere of state executive power. The text is as follows.

With the aim of strengthening the leadership of the system of state executive bodies, increasing the role and responsibility of the state apparatus, carrying out economic reform and strengthening market relations in accordance with points 3-1, 4, 7-1 of Articles 114-5 and 117 of the Ukrainian Constitution, I resolve:

1. The president of Ukraine, in implementing his powers over the leadership of the Cabinet of Ministers of Ukraine, determines the basic directions of its activity and priority issues that need to be resolved as a matter of urgency;

2. To establish that the most important issues for implementing economic reforms, forming market relations, and the social protection of the people are decided by the

Cabinet of Ministers with the direct participation of the president of Ukraine. The Cabinet of Ministers' agenda is confirmed by the president of Ukraine. Draft acts of the president of Ukraine on basic issues of seconomic reform and the social protection of the population are prepared with the mandatory participation of the Cabinet of Ministers of Ukraine. The regulations on the ministries and other central bodies of state executive power whose leaders are included within the composition of the Cabinet of Ministers of Ukraine are confirmed by the president unless otherwise stated by the law.

The president of Ukraine appoints and dismisses leaders of state committees of Ukraine and other bodies subordinate to the Cabinet of Ministers of Ukraine, deputy ministers, and leaders of other central bodies of state executive power.

3. The Cabinet of Ministers of Ukraine should submit proposals on improving the system of central bodies of state executive power within a month proceeding from the need to carry out market reforms in Ukraine's economy. It should conduct necessary structural changes in the apparatus of central and local bodies of state executive power with the aim of cutting expenditure on its upkeep and raising work efficiency.

Edict on Managing Local Councils

LD0808194394 Kiev UT-1 Television Network in Ukrainian 1800 GMT 8 Aug 94

[Text] We have just received the presidential edict on the provision for the management of local state executive power structures:

With the purpose of ensuring compliance with the Constitution, the laws of Ukraine, and acts by the president and the Ukrainian Cabinet of Ministers, and controlling adherence to them, and of strengthening the management of all state executive power structures centrally and locally, in accordance with Clauses 1.1, 3.1, 4, and 7.4 of Article 114.5 and Part 1 of Article 117 of the Ukrainian Constitution, and proceeding from Articles 1, 4, and 8 of the law of Ukraine on the formation of local bodies of power and self-government, the president of Ukraine has resolved:

1. To establish that the chairmen of oblasts, towns, rayons, town districts, townships, and village councils are responsible for the execution of state executive powers delegated to local council chairmen and to the executive committees they head;

2. To define delegated state executive powers as powers envisaged by the Local State Administration Act, approved by the edict of the Ukrainian president of 24 July 1992, until a relevant law is adopted. These powers, according to Article 8 of the Law of Ukraine on the Formation of Local Bodies of Power and Self-Government, are transferred from oblasts, from Kiev and Sevastopol cities, from rayons, and from Kiev and Sevastopol district state administrations to the chairmen of these entities and to the executive committees they head.

Delegated state executive powers are executed according to Part 1 of the above article by chairmen of the oblasts, Kiev and Sevastopol cities, the rayons, and the Kiev and Sevastopol district councils and by the executive committees they head. State executive powers delegated to chairmen of towns, town districts, townships, and village councils and the executive committees they head are powers envisaged by Article 42 of the Law of Ukraine on Local Councils of People's Deputies and Local and Regional Self-Government.

3. To establish that the chairmen of oblasts and Kiev and Sevastopol city councils, and their executive committees, are subordinated to and controlled by the president of Ukraine on issues concerning the implementation of delegated state executive powers. Chairmen of villages, townships, rayons, and town district councils, and their executive committees, are subordinated to and controlled by, respectively, the chairmen of the oblasts and the Kiev and Sevastopol city councils, and, through them, by the president of Ukraine.

This edict was signed on 6 August 1994.

Edict Issued on Financial Support for Enterprises

LD0808171894 Kiev UT-1 Television Network in Ukrainian 1600 GMT 8 Aug 94

[Text] Ukraine's President Leonid Kuchma has issued an edict on the procedure for granting financial support to enterprises in 1994, in accordance with which it is established that state and other enterprises whose share of state assets exceeds 50 percent will be granted financial support in 1994 from budgetary allocations. The procedure for granting such support is determined by the Cabinet of Ministers of Ukraine, which has to confirm the provisions on granting financial support to enterprises within a month.

This edict comes into force from the date of its signing.

Gorbulin To Head National Security Council

LD0808164794 Moscow ITAR-TASS in English 1456 GMT 8 Aug 94

[By UKRINFORM—TASS]

[Text] Kiev August 8 TASS—Ukrainian President Leonid Kuchma appointed Vladimir Gorbulin a new secretary of the National Security Council on Monday.

Gorbulin, 55, was director general of the National Cosmic Agency of Ukraine.

Deputy Premier for Humanitarian Issues Appointed

LD0808173394 Kiev UT-1 Television Network in 1600 GMT 8 Aug 94

[Excerpt] By an edict of the president of Ukraine, Ivan Fedorovych Kuros has been appointed deputy prime minister of Ukraine for humanitarian issues. [passage omitted]

7 Aug Parliament Election Results Reported

LD0808185294 Moscow INTERFAX in English 1617 GMT 8 Aug 94

["INTERFAX-UKRAINE" News by Ostankino reporters]

[Text]

27 DEPUTIES ELECTED IN AUGUST 7 REPEAT VOTE

27 deputies were elected to Ukraine's Supreme Assembly in the August 7 repeat election. The vote was not held in 7 constituencies, where it will be repeated this fall, election officials told Interfax-Ukraine.

Three communists, a member of the Peasant Party and 23 non-party candidates were elected to parliament last Sunday.

A total of 393 deputies had been elected to parliament by August 8, 1994, among them 216 independents, 91 communists, 21 members of the Ukrainian Peasant Party and 13 socialists. The parliament has 450 seats, under the Ukrainian Constitution.

In the July 24 repeat elections 18 independent candidates, a Labor Party member and a representative of the Party of Crimea's Economic Revival were elected to parliament.

Eleven independent candidates and one communist were elected deputies in the 12 constituencies where July 31 vote was recognized valid.

Head of the Central Electoral Commission Ivan Yemets told reporters that the date for by-elections in 57 constituencies would be fixed by August 20.

THE DEPUTIES ELECTED ON AUGUST 7

The Republic of Crimea —Constituency 26: Yuri Miroshnichenko, the Communist Party of Crimea, a member of the bureau of the Crimean Communist Party's city committee —Constituency 27: Eduard Pavlenko, the Communist Party of Crimea, deputy head of the Pneumatica company

Vinnitsa Region —Constituency 47: Nina Markovskaya, a non-party candidate, head of a department at a medical institute —Constituency 54: Vasiliy Kavun, independent deputy, Chairman of the Board of Svitanok agricultural firm —Constituency 55: Anatoliy Kondratyuk, independent, ex-vice-chairman of Vinnitsa regional council

Volyn Region —Constituency 71: Rostislav Chapyuk, the Peasant Party, a researcher at Kiev Institute of Agrarian Economy

Dnepropetrovsk Region —Constituency 80: Victor Savchenko, independent, chief of a department at the Physical Culture Institute —Constituency 83: Nikolay Bayrak, independent, trade union leader of Dnyeprodzerzhinsk Azot company —Constituency 86: Sergey Selifontyev, independent, vocational school director Constituency 93: Aleksandr Zhyr, independent, head of the Department for Combatting Organized Crime of the Ukrainian Security Council's Dnepropetrovsk branch

Trans-Carpathian Region —Constituency 173: Mikhail Ryabets, independent, head of a department of the Trans-Carpathian Regional Council —Constituency 176: Nikolay Grabar, independent, Chairman of the Commission for Combatting Organized Crime of the Kiev City Council

Kiev Region —Constituency 208: Mikhail Zaborny, independent, director of Voronki state farm —Constituency 216: Yaroslav Bardin, independent, Vice President of the Ukratex agricultural firm

Kirovograd Region —Constituency 227: Valentin Chebotaryov, independent, chief of a department of the Viraservice firm —Constituency 230: Nikolaiy Petrenko, independent, head of a department of the Security Council's military counterintelligence department —Constituency 232: Valentina Zavalinskaya, independent, former presidential representative in Olshanski Region

Odessa Region —Constituency 297: Vladimir Sevryukov, independent, head of the Sea and River Transportation Department of Ukraine's Transportation Ministry —Constituency 303: Anatoliy Lyubenko, independent, Director-General of the Medicine to Transport research center

Poltava Region —Constituency 230: Sergey Tirekhin, independent, Executive Director of the Fund for Promoting Reforms

Rovno Region —Constituency 336: Victor Petryuk, independent, Director of the First of May agricultural association —Constituency 340: Vladimir Shevchenko, independent, representative of the Committee for Servicemen in the Cabinet of Ministers

Sumy Region —Constituency 352: Anatoliy Zolotaryov, independent, chief of Ukraine's Building Materials Corporation —Constituency 355: Ivan Grintsov, Communist Party, director of the Zarya agricultural association

Ternopil Region —Constituency 363: Aleksandr Ignatenko, independent, Deputy-Head of the Academy of the Ukrainian Armed Forces

Khmelnitski Region —Constituency 408: Nikolay Dudchenko, independent, chief of the Operations Department of Ukraine's State Committee for Atomic Energy (Goskomatom)

Chernigiv Region —Constituency 442: Galina Radchenko, independent, deputy head of the Priluki district administration

WESTERN UKRAINIAN LEADERS FAVOR RESTORATION OF VERTICAL SYSTEM OF EXECUTIVE AUTHORITY

The leaders of eight western Ukrainian regions met in Lutsk (North-Western provincial capital) Saturday to voice their support for Leonid Kuchma's idea of restoring the vertical system of executive authority led by the president.

During the conference they also welcomed Kuchma's plans to give them the right to represent him in their regions.

The population of those regions supported Leonid Kravchuk during the recent presidential elections.

Kuchma told the conference that the recent talks with U.S. Vice President Albert Gore and IMF Managing Director Michael Camdessus demonstrated "complete trust in Ukraine".

Kuchma called for accelerating the reforms because, he said, the economic situation is making us move forward.

IN JULY INFLATION WAS LOWEST IN LAST THREE YEARS

The inflation index of 102.1 percent, registered on the Ukrainian consumer market in July 1994, was the lowest over the past three months. Prices rose 1.7 times since last January, the Statistics Department told Interfax-Ukraine.

Prices on food went down by 1.6 percent for the first ime this year due to a significant drop in prices on new vegetables and fruits (by 22 and 19 percent, respectively).

Prices on consumer goods have increased by 3.4 percent, and those on public services by 11.6 percent.

NATIONAL-DEMOCRATIC CONGRESS QUALIFIES COMMENTS BY OSTANKINO TV JOURNALISTS AS PROVOCATIVE AND ANTI-UKRAINIAN

The press service of the National-Democratic Congress of Ukraine protested against what they called provocative and anti-Ukrainian statements by reporters of Russia's Ostankino TV company.

The Congress's press service circulated a statement on Monday which says that on August 7 reporter Alekseyev, who hosts Voskresenye (Sunday) TV program, described Ukrainian history as absurd.

"As Mr. Alekseyev rudely humiliated the Ukrainian nation, the Ukrainian leadership must use every political means available to protect the national dignity of the Ukrainian people," says the statement.

The Congress expressed hope that "the Ukrainian leaders will do their utmost to work out a reliable mechanism of protecting Ukraine from the real threat of Russian imperial chauvinism".

Crimean President Dismisses Militia Officials

LD0908131594 Kiev UNIAR in Ukrainian 1100 GMT 9 Aug 94

[Text] Simferopol, 9 Aug—The decree by the president of the Republic of Crimea on dismissals from the Republic of Crimea's Ministry of Internal Affairs has come into effect. In accordance with the decree, and in connection with transfers to service in the main internal affairs directorate of Ukraine's Internal Affairs Ministry in Crimea, the president dismissed from service in Crimea's Internal Affairs Ministry militia Major-General Valeriy Batakov, Crimea's first deputy minister of internal affairs; militia Colonels Ivan Polyakov, Vasil Levin, Anatoliy Prysyazhnyuk, Viktor Zakharov, and Vyacheslav Smirnov; and militia Lieutenant-Colonel Oleksandr Kolantayev.

Interior Minister on Economic Crime, Crimea

WS0908083094 Kiev KIYEVSKIYE VEDOMOSTI in Russian 3 Aug 94 p 3

[Interview with Ukrainian Interior Minister Volodymyr Radchenko by Larysa Zhalovaha; place and date not given: "There Is No Saint Who Would Not Sin"]

[Excerpt] [Passage omitted] [Zhalovaha] Is it true that many of the outspoken cases about which our press used to write could have been brought to a logical conclusion long ago, but the people in power at the time hindered that process?

[Radchenko] Time will tell who specifically and in what way hindered that process, for those things have to be investigated and proven. One thing is sure—there have been such cases. For example in 1994, we wanted to inspect the activities of the Ukrahrotekhservis [agricultural enterprise] on legal grounds, using the staff of the Department for Control and Revision. We tried to lobby this decision three times, yet each time we were met with a refusal under various pretexts. I believe that history will put all things in order.

[Zhalovaha] Would you not like to assist history?

[Radchenko] I will assist it to the best of my ability. I think that results will soon become known.

[Zhalovaha] It is no secret that following the well-known edict by Russian President Boris Yeltsin on fighting crime, "dirty" money from Russia flowed to Ukraine along with Russian criminals. How are you going to counteract this trend?

[Radchenko] In the situation when porous borders exist and CIS citizens can freely rent an apartment and live here, it is clear that if a neighboring state takes decisive steps to "clean up" its territory, others must react correspondingly. Otherwise, all the muck will accumulate here. On 1 August, Poland began a "purge" of its own. What does this mean? Criminals will begin moving toward Ukraine and Belarus, given that no one will let them into the West. Germany, too, has very firm intentions. That is why the Ukrainian presidential edict on urgent measures to fight crime was a vital necessity. Society must realize that we are close to the danger limit: The criminal world has challenged us and we must do everything to win. One of the first steps toward the implementation of the edict was the introduction of a special mode of operation in Interior Ministry bodies in virtually all border oblasts. Controls have been stepped up along the borders to bar the free movement of all kinds of swindlers and car thieves (a large number of these cross Ukraine on their way from Poland). Incidentally, I believe that one of the first effects of the new edict is the fact that separate criminal groupings that used to operate freely in Kiev, have started to flee the city. We will continue to act vigorously and firmly.

At the same time, I would like to draw your attention to the danger of statistics. We must not let a chase for results develop, for this contains a threat of reviving an old proverb: "You cannot make an omelet without breaking eggs." Neither can we allow the fight against crime to be limited to the rank and file. We know that a lot of organizations and companies, which look respectable on the surface are, in fact, broke. They take out new loans to pay back old ones. Meanwhile, they ship everything they can abroad.

[Zhalovaha] Do you have a complete list of those organizations?

[Radchenko] In a newspaper some time ago, I saw a list of companies which will allegedly "face the music" in the near future. I do not know the aim of the publication—to warn the firms or scare them?

[Zhalovaha] Does such a list exist in reality?

[Radchenko] We know which firms violate credit and currency regulations, but we must investigate every individual case. We have left behind the times when lists of the accused existed.

[Zhalovaha] Crimea is known to be one of the hottest regions in terms of crime. At the same time, while the Ukrainian Security Service has managed to preserve its vertical structure there, the former leadership of the Ukrainian Interior Ministry, unfortunately, has failed to prevent the dismembering of its structure. In fact, a precedent of a shadow provincial Interior Ministry has been created in Simferopol. Are you going to take steps to restore the previous state of things?

[Radchenko] This is a very sensitive issue. The Crimean militia is functioning normally, yet it has found itself in dire straits. The acuteness of the criminal situation there cannot be attributed solely to regular rivalry between gangs, for there exist more profound reasons, too. The time has not yet come, however, to speak about those things. I am willing to perform constructive work and can accept compromises under the condition that a normal vertical management structure exists. Otherwise, the tidal wave of crime cannot be stopped. A reinforced group of the Berkut special task force has been sent to Crimea under an agreement with the Crimean administration. The group, among other things, will be used to detain criminals who open fire on militia officers in the street.

[Zhalovaha] When your candidacy was being discussed by the legislature, a statement was circulated in the session hall accusing you of fighting dissidents. What can you say about this?

[Radchenko] It is a well-known fact that I worked in Kiev in the department for fighting terrorism and extremism. That was back in those years when the notorious Article 62 [of the Penal Code] still existed. When unsanctioned meetings and actions were held we, those of us in the military were called upon to localize them. I used to know many dissidents personally; we talked and had normal contacts. I do not understand why these things are now being presented in a totally different light. Hard times complicate relations.

[Zhalovaha] Looking back, do you think that your views have changed?

[Radchenko] Of course. I am happy that democratic changes in our state have brought about the abolition of political police. Despite the fact that in the course of the establishment of our young statehood there have been a lot of attempts from both the right and the left to involve power structures in political battles, I think that this will not happen any more. We have made a lot of painful mistakes. Perhaps that is why the Security Service has withstood the pressure of those who demanded that dissidents again be persecuted in our state.

[Zhalovaha] How did you react to the "compliment" from a communist deputy who depicted you as a worthy successor to the cause of Dzerzhinskiy and Andropov?

[Radchenko] When the Ukrainian Security Service was being created, one of the primary conditions was the establishment of new traditions. These, in particular, stipulate the division of ideology and law. We have made significant progress in the legal sector, although laws still need to be refined. [passage omitted]

Minister Views Concept of 1995 Economic Plan

WS0808130094 Kiev URYADOVYY KURYER in Ukrainian 4 Aug 94 p 8

[Article by Ukrainian Minister of Economy Roman Shpek: "What Will the Year 1995 Be Like"—first paragraph is URYADOVYY KURYER introduction]

[Text] Several days ago, the Ukrainian Cabinet of Ministers approved a draft concept for devising a plan for Ukraine's socioeconomic development for 1995, which determines the state's primary approaches to crafting the plan. What are these approaches, on which Ukraine's future and the living standards of its people will depend? Minister of Economy Roman Shpek has answered this question for URYADOVYY KURYER.

The plan of socioeconomic development for 1994 is to become one of the key mechanisms for state regulation of the economy and for providing an organizational and economic direction for implementing the state's economic policies on the level of enterprises of all ownership types.

The plan's principal goal is to stabilize the economic situation, halt the decline in production, curb inflation, strengthen the financial and credit system, and create conditions for improving people's standards of living. The main indicator for financial stabilization should become not the increase of production as such, but also the scope of sales.

Toward this end, the plan should determine the main goals for the economy's socioeconomic development, and state priorities and a direction for this development; it should also address the issues of decreasing Ukraine's dependence on external factors and economic and legal tools for implementing the plan's goals.

What is the main distinction of approaches to devising the plan that the concept suggests for the next year?

First of all, state priorities were revised and specified, and each of them points to specific directions with due regard to financial and material resources. (For example, in the agro-industrial complex, priorities include modernization and technical reequipment of agricultural enterprises engaged in food processing, procurement, and storage). It is also envisioned that the role of state economic regulation will be enhanced. The efficiency of managing the state economic sector will be achieved through a more specific explanation of tasks, to be performed by the state as an owner, and stricter control over compliance with performance indicators (costs, material outlays, energy consumption), which allow for restraining the growth of production costs. Production guidelines will also be set for nonstate enterprises and organizations.

The plan's structure was also substantially changed. In particular, it is expected to include analyses and forecasts of domestic and foreign markets, directions for the efficient use of the interstate financial aid and credits, analyses and forecasts of the balance of payments for repaying the country's foreign debt, pointing to specific sources of payment. The plan should include an effective system for state economic regulation—namely, this needs to be the economic and legal regulation of the economy, instead of direct administration over it. The major purpose of economic and legal tools should be to provide favorable conditions for all economic entities.

What are those tools?

Pricing policies are directed toward restraining the rate of price increases, primarily by regulating domestic processes and gradually "hushing" the wave of inflation. The gradual elimination of disproportions between prices and incomes and the parity in inter-industry exchange will be achieved by setting price and tariff ceilings for the national coal, electrical and thermal energy, communication, and transportation services, as well as basic services rendered to the population.

The profitability levels resulting from additional price changes on the part of manufacturers and the degree of markups on trade and supplies will be restricted.

In foreign trade policies, it is expedient to annul the system of quotas and licenses for exported goods that have no market in Ukraine (as for those goods which do have a market, one needs to take into consideration the requirements of the domestic market based on the material balance sheet), and to introduce a regulated exchange rate for the Ukrainian karbovanets against foreign currencies, gradually bringing it in line with market rates.

One possible option for this can become the receipt of $500 million in financial aid from the World Bank. One needs to reduce the scale of clearing operations in foreign trade (not the clearing as such, but its distorted form), pursue conservative import policies by limiting imports [as published] of Ukrainian-made goods through tariffs, and to provide favorable conditions for meeting the domestic market's demand for oil and oil products.

In terms of financial and budget policies, we should move away from the traditional expenditure-dominated methods of budget drafting to a system of fixing the highest possible levels of budget spending and deficit and stable long-term principles of distribution of national income among the components of the budget system, as well as terminate any forms of direct budgetary support to enterprises and organizations, thereby separating finances of enterprises from those of the state. It should be noted that the inflation processes are largely generated at the level of enterprises which single-handedly increase prices. This results in a failure to pay and leads to additional credit issues; and the state is responsible for those actions.

In tax policies, a list of entities subject to taxes will be expanded, and cases of tax exemptions and breaks will be reduced. One should impose a moratorium on passing legislation expanding preferential taxation. Value-added tax brackets and excises will be revised. Introduction of a tax on income is expected.

The need has become ripe for a profound change in the state's organization of finances based on dividing responsibilities of the Finance Ministry and creating a state treasury to shape the expenditure side of the budget at all levels of management. The treasury should include all non-budget funds as its integral parts, their distribution being determined by priorities. For this purpose, one should check in detail the efficiency of the funds themselves, as well as the use of money.

As for the policies of customs and tariff regulations, the application of customs will be improved to provide favorable conditions for increasing exports and imports (including taxes on imported goods), and means of export stimulation—especially in relations with counties providing traditional markets for our products and sources of strategic raw materials.

In our financial and credit policies, it is envisioned to introduce strict control over the circulation of money and normalize the work of the credit system. Also improved will be the regulation of net [chysti] assets of the National Bank and the banking system. A top limit for credit issues will be set in accordance with volumes of manufactured goods. It is also planned to reduce credit issues, flexibly regulate commercial bank reserves, and ensure a realistic level of interest rates. In addition, I believe that the banking system cannot go unregulated in the state.

As for antimonopoly policies, further demonopolization of the economy is expected, as is the creation of a competitive environment and direct regulation of monopolistic enterprises. The antimonopoly committee should at last impose controls over pricing at monopolistic enterprises which, despite the decline in production, continue to boost prices to justify their inept operations.

I also consider it necessary to create a complete vertical executive power structure and naturally combine the management functions of national and regional structures. One should make a gradual transition from the branch to the functional structure of management, reducing the number of branch ministries and organizations and redistributing responsibilities between the center and the countryside in favor of the latter.

Due to narrow ministry interests, the making of megaprofits through unjustified price increases, and the limited leeway of separate enterprises in investing their free profits in production, one needs to grapple with the problem of creating financial-industrial groups, including multinational ones.

Using the plan, the state should support unique scientific and technical capabilities, adjusting or reshaping their profiles to manufacture complex products of the machine-building industry. It should become competitive on Western and Eastern markets, which would promote ties of cooperation and ease price tensions among Ukrainian, Russian, Belarusian, Kazakhstani, and Uzbek enterprises.

The concentration of resources wielded by enterprises which are members of the financial-industrial groups will allow for the expansion of "narrow" places, promotion of science, and a breakthrough into markets. It is expedient to engage banks in this project and encourage them to invest their money in production, and not trade operations. We should permit banks to participate in privatization and corporatization processes and become owners of privatized enterprises.

One should also remove barriers to attracting foreign investments into the Ukrainian economy, which due to a lack of domestic resources will allow for more efficient economic transformation.

To minimize the state debt, one needs to hasten the issuing of securities, take advantage of foreign funds and those coming from the people, and introduce a circulation of bills [veksel].

It should be remembered that without defining sources to repay the foreign and domestic debts, we will not be able to conduct efficient domestic and foreign policies.

To implement in practice the proposed provisions of the concept for introducing plans for state enterprises, however, we need to change our current legislation.

I believe that we must soon decide about a strategy for economic development, and based on it, begin work on the country's prospective development plans.

Inflation Rate Hits Three-Year Low

MM0908131394 Moscow IZVESTIYA in Russian 9 Aug 94 p 1

[INTERFAX report: "Lowest Inflation Rate for Three Years Recorded in Ukraine"]

[Text] The inflation rate in the Ukraine in July 1994 was 2.1 percent.

This is the lowest inflation rate over the past three years. In January-July prices in the Ukraine were up by 70 percent, the republic's Ministry of Statistics reported Monday. For the first time this year prices of foodstuffs have fallen (the index of the decline is 98.4 percent). According to figures from the Ministry of Statistics, this was the result above all of the fall in prices of fresh vegetables and fruit—down 22 and 19 percent respectively. Prices of nonfood goods were up 3.4 percent—the lowest indicator since the start of the year. The biggest increase in prices and rates was in the group of paid services to the population—up 11.6 percent.

Private Sector Thrives by 'Circumventing' Regulations

MM0808120494 London FINANCIAL TIMES in English 8 Aug 94 p 2

[Article by Chrystia Freeland: "Ukrainians Prosper as State Withers Away"]

[Text] On paper, Ukraine is on the brink of economic collapse. Production fell by more than 40 percent in the first quarter of this year. The government has no official budget, but if it keeps on spending at its current rate it will have a deficit of more than 30 percent by the end of the year. Officials at the Ministry of Finance estimate hidden unemployment at 2.5 million people.

But in defiance of these dire statistics, Ukrainians appear to be living quite well. The streets of Kiev and other big cities are jammed with flashy Western cars and lined with new, well-stocked shops and expensive restaurants. The countryside, once squeezed dry to finance Soviet heavy industry, is now gripped by a construction boom as Ukrainian farmers replace their modest cottages with sturdy, three-storey brick houses.

"The people we talk to are absolutely flabbergasted at the difference between the image of Ukraine and the reality," says Mr. Andy Bain, an American businessman based in Kiev, who believes that "right now in Ukraine you can buy attractive assets for pennies to the dollar."

"I keep asking myself what we're missing," admits a perplexed official from a Western financial institution. "It's really a mystery how this country keeps on going." Part of the answer, he suspects is that "no matter how hard you try, you just can't turn this country into a Zaire."

One reason why official statistics are a poor yardstick for measuring the Ukrainian economy is that, 70 years after the Bolshevik revolution, one of Marx's promises is finally coming true: In Ukraine, the state is withering away.

In other East European countries, like the Czech Republic or Estonia, the transition from communism to a market economy has been a fairly well-ordered process, guided by governments with clear plans for the future. But in Ukraine, the state, laboriously and bloodily constructed over seven decades of Soviet rule, is being dismantled by default rather than by design.

Thwarted by byzantine government regulations, Ukraine's nascent private sector—which according to the vastly conservative measure of official statistics accounted for more than 30 percent of GNP in the first quarter of this year—is thriving by circumventing the state.

"Maybe this is a relic of the stubborn mentality of Ukrainian peasants," explains Mr. Oleksandr Tkachenko, a Kiev journalist in his 20's who left a secure job with a Western news agency to found a private television production company a few months ago. "We have a tendency to go ahead and build our houses and maintain our gardens no matter what the external circumstances."

Increasingly, Ukrainians like Mr. Tkachenko are doing just that: Toiling steadily in their own business patch despite a government which at times has seemed determined to create the worst business climate possible.

Ukraine's shambolic, frequently amended tax code can, depending on how you count, eat up more than 100 percent of an enterprise's profits. Exporters, who ought to be a privileged group in a nation burdened by a negative trade balance, face particularly intimidating legislative obstacles: Quotas restrict their room for manoeuvre, and the compulsory sale of half of hard currency revenues to the state at artificially low rates means exporters often come out making a loss.

But Mr. Mikhail Chertkov, President of a financial company in Odessa, explains of regulations, "Those who are smart find ways around them, those who aren't have just stopped working."

At local level, where the government's writ runs weakest, market reforms are making the most headway. Over the past six weeks there has been a wave of small-scale privatisation in half a dozen of Ukraine's most progressive cities.

It was made possible, explains Ms. Roberta Feldman of the International Finance Corporation, which advised on the project, when municipal governments found a way to work around Ukrainian legislation which blocked privatisation. Ms. Feldman predicts that in the six cities where it is being employed this strategy will allow all small and medium-size enterprises to be sold to private owners by the autumn.

While the more agile private sector is quietly getting on with business, many of the state-owned behemoths which were the pride of Soviet central planners are dying a slow, lingering death.

Their executioner is Mr. Viktor Iushchenko, who since January has been the author of a monetary policy which even Western financial institutions describe as "draconian". Apart from a wave of new credits last month, granted primarily to farmers, Mr. Iushchenko has simply shut down the printing presses. As a result, inflation, which at the end of 1993 was exceeding 100 percent a month, is down to 5 percent in June.

As Mr. Iushchenko admits, this macro-stabilisation "is fragile because it is the result of monetary measures alone. Unfortunately, other economic reforms—restructuring, privatisation—did not occur to shore up these developments."

In the absence of more fundamental reforms, many Ukrainian factories are effectively going bankrupt: They keep their workers on the books, but have not paid them for months; theoretically still functioning, they have slashed production to almost nothing. These are the forces behind plummeting industrial production, but some businessmen think it no bad thing. "Our state officials would never intentionally kill the big state enterprises but unintentionally that's what they've been doing," explains Mr. Chertkov.

"We have a Darwinian struggle for survival of the fittest."

The challenge for Ukraine's new president, Mr. Leonid Kuchma, if he hopes to make good his pledges to his people—and recently to the International Monetary Fund—to reform the Ukrainian economy, will be to resist the temptation to revive his country's dying industrial dinosaurs.

Instead, he must, as he has promised, remove government impediments to the growth of the resilient private sector and to the survival of those state enterprises able to adapt to the market. If he does, he may find Ukraine prosperous enough to support those people who will become formally unemployed when inefficient state factories close their doors.

Experts View Gas Supply Problem

LD0808163394 Moscow ITAR-TASS in English 1557 GMT 8 Aug 94

[by BUSINESS-TASS]

[Text] Moscow August 8 TASS—Ukraine will need at least 10 years to replace natural gas delivered from Russia by its own gas from deposits in the Donetsk region, representatives of the Russian natural gas giant supplier Gazprom said on Monday, commenting on the recently announced project.

Gazprom experts believe also that the project aimed at Ukraine's complete gas self-sufficiency would hardly be economically efficient. In any case, Ukraine would have to pay for fuel, experts say.

At present, Ukraine imports about 70 billion cubic metres of natural gas, mainly from Russia, to meet the consumption needs. Its own annual gas production of 18-19 billion cubic metres tends to decline by 2-3 billions every year.

Belarus

Premier Defines Structure of New Cabinet

LD0808204694 Moscow ITAR-TASS in English 1951 GMT 8 Aug 94

[By BELINFORM correspondent Larisa Lazar for TASS]

[Text] Minsk August 8 TASS—"Task number one for the new cabinet is to make everything necessary to lead Byelorussian [Belarusian] economy out of crisis," Mikhail Chyhir, Byelorussian premier, told a news conference here on monday evening.

The structure of the cabinet at its uppermost level has been eventually defined, he said. Cardinal changes have been made: All the state committees have been abolished, 24 out of 36 ministries have been preserved.

A reduction in the number of managerial entities from top to bottom will decrease state expenditure on bureaucracy and raise effectiveness of the executive branch of power, because all the governmental resolutions will find their way to the performers more quickly.

Collegium of the cabinet of ministers has been set up to tackle urgent problems. It brings together the premier, his first deputy, foreign minister, interior minister and byelorussian ambassador extraordinary and plenipotentiary to the Russian Federation.

When selecting the cabinet members, the following criteria were considered most important: One's professional skills and shared approach to leading the republic out of the present crisis—that is, through market economy, Chyhir said.

Reducing inflation and drawing up a normal, "robust" budget will be the first steps to be taken with a view to economic stabilization. In particular, the government is expected to stop compensating for milk and bread prices since next September. The receipts acquired from increase in these prices will be spent in support of the underprivileged.

Candidates for Posts Screened for Mafia Contacts

WS0908082894 Minsk Radio Minsk Network in Belarusian 0700 GMT 9 Aug 94

[Text] A substantial part of the workload of the Presidential Administration Directorate for Fighting Corruption is currently to screen candidates for high official posts from the perspective of possible contacts with Mafia structures. A BELINFORM correspondent has received this information directly from the Presidential Administration. It has been stated that even if an individual is a professional but has a record of certain improprieties, this is an absolute criterion preventing his official appointment. The president himself takes an extremely categorical stance on this issue. Meanwhile, the fate of those officials who have a history of large-scale embezzlements should be resolved in court, given that the president has not altered his standpoint with regard to prosecuting corrupt apparatchiks.

Planned Customs Edict To Hit Western Firms

LD0808151994 Moscow INTERFAX in English 1400 GMT 8 Aug 94

[Text] Lukashenka is currently drafting a decree on toughening control over export revenues, according to sources close to the Belarusian president.

It provides, among other things, for increasing customs duties and taxes on the import of those goods which are produced in the republic and cannot be seen as socially important ones. The decree is likely to annul taxes on Belarusian exports.

Observers in Minsk believe that if the president-proposed sanctions are applied, they will affect, above all, the interests of Western companies supplying Belarus with beer, alcoholic drinks, cigarettes, confectionery and other goods.

Lukashenka, Brazauskas To Exchange Visits

LD0908090194 Moscow ITAR-TASS World Service in Russian 0759 GMT 9 Aug 94

[By BELINFORM-TASS]

[Text] Minsk, 9 Aug—Belarusian President Alyaksandr Lukashenka and Lithuanian President Algirdas Brazauskas are planning to exchange visits, it emerged today after a telephone conversation between the two. They discussed economic and cultural cooperation and the status of national minorities within their countries.

The dates of the visits will be finalized through official channels. The two neighboring heads of state are expected to be in touch with each other on a regular basis.

UN Officials To Evaluate Drought, Food Aid

WS0908082794 Minsk Radio Minsk Network in Belarusian 0700 GMT 9 Aug 94

[Text] The current drought which, according to statistics, is unparalleled in Belarus for virtually 100 years, has inflicted heavy damage on the Republic's agricultural sector. Brest Oblast has been particularly damaged, for the drought has destroyed vast areas of crops.

In connection with this, an official from the Food and Agricultural Organization, a component of the United Nations, is to visit Belarus on 10-13 August. The aim of the visit is to evaluate the situation in the Republic from the perspective of potential international food assistance in 1994-1995.

Tank Destruction Program Continues

LD0808131594 Moscow ITAR-TASS in English 1156 GMT 8 Aug 94

[Text] Minsk August 8 TASS—The Borisov tank repair factory in Byelorussia [Belarus] which continues to destroy armour in compliance with the Treaty on Conventional Armed Forces in Europe (Paris, November 19, 1990) has already cut more than 1,900 tanks, armoured personnel carriers and armoured vehicles out of 3,605 units to be destroyed.

The cutting sites are already overstocked with several hundred thousand tonnes of metal. However, republican steel mills do not accept combat materiel scrap due to absence of raw material components necessary to remelt iron-plating.

Moldova

Dniester Fears Withdrawal of Russian 14th Army

LD0908094494 Moscow Mayak Radio Network in Russian 0400 GMT 9 Aug 94

[Dispatch from Tiraspol by OLIVIYA-PRESS correspondent Svetlana Antonova]

[Text] The population of the Dniester region is concerned about the forthcoming result of the talks, about the possibility of a decision to withdraw the 14th Army. This concern is based on the fact that on the eve of the talks, the Russian Defense Ministry decided to work on the question of disbanding the army's headquarters.

The people of the Dniester region, who experienced aggression at the hands of Moldova in 1992, do not exclude the possibility that a tragedy will repeat itself if the 14th Army is withdrawn against the will of the people.

(Stefan Kitsak), a presidential adviser on military issues, said that the Supreme Soviet of the Dniester region Moldovan Republic [as heard] adopted a law which states if the 14th Army is withdrawn, all its armaments, fighting equipment, and property will remain the property of the region's people. This point of view is based on the will of the people of the Dniester region who, in the city of Tiraspol alone, put 117,000 signatures to a letter to the Russian president and the defense minister.

Men of the 14th Army are also waiting for the result of the talks with concern, the majority of them are inhabitants of the Dniester region, although the press center of the Supreme Soviet of the Dniester region Moldovan Republic has stated that if the army is disbanded all the servicemen will be guaranteed political, judicial, and social guarantees on a basis of equality with the citizens of the republic.

The people of the Dniester region are expecting a wise political decision, first of all from Russia, and they hope that the treaty signed in Moscow by the presidents of Moldova and Russia on the [14th] Army being withdrawn only when the Dniester region has been granted the legal status of a state will be observed.

Military Adviser Views 14th Army Reorganization

AU0808173394 Budapest UJ MAGYARORSZAG in Hungarian 6 Aug 94 p 2

[Correspondent's report: "Moldovan Doubts"]

[Text] According to the decision issued by Russian National Defense Minister Pavel Grachev, the headquarters of the 14th Russian Army deployed on the territory of the Republic of Moldova will be reorganized and its size cut by 1 September 1994. Changes are also planned in the various units and one of the major units will be turned into a special brigade. Moscow also decided to immediately dismiss Lt. General Aleksandr Lebed as head of the 14th Army and temporarily replace him with Major General Yuriy Popov, commander of the 59th unit.

In his interview to Radio Chisinau, Nicolae Chirtoaca, director of the Euro-Atlantic Center of the Republic of Moldova and former military adviser to President Mircea Snegur, said the following about the latest developments around the 14th Army: Two versions are possible in the future activity of the 14th Army. According to the first version, it is possible that, after the elections of 27 February that brought favorable results for them and after the adoption of the Constitution, Russia might come to the conclusion that it can already preserve its influence on the Republic of Moldova with political means. Thus, answering the urgent Moldovan requests, Russia can actually begin the withdrawal of the 14th Army and simultaneously ease the tension in the Dniester region, because most units of the 14th Russian Army are deployed in Tiraspol and its surroundings. Perhaps a peacekeeping unit will be sufficient to observe and control the area. However, according to the second version that is more pessimistic, it is also possible that, under the pretext of reorganizing the 14th Army, Moldova continues to be an area for military experiment, just like in the case of the Russian intervention in the Dniester region and the deployment of foreign units mainly after July 1992. It is possible that, with this reorganization, the units of the 14th Russian Army will turn into border police and peacekeeping troops, a rather strange name for these times.

Nicolae Chirtoaca also pointed out that there are no documents or arguments whatsoever that could legally authorize Russia to set up peacekeeping military bases across the Dniester.

Kazakhstan

Military Agreement Signed With Turkey

LD0808143694 Moscow INTERFAX in English 1402 GMT 8 Aug 94

[Text] A military cooperation agreement was signed in Almaty Monday by Kazakh Defense Minister Sagadat Nurmagambetov and his Turkish counterpart Mekhmat Gelkhan.

In an interview with INTERFAX, Nurmagambetov described the accord as "preliminary by nature." In his words, the agreement mainly speaks about the intention of the sides to cooperate in arms production.

Nurmagambetov emphasized that the agreement did not contradict any former accords with other countries, Russia included.

Gelkhan, for his part, reported to INTERFAX that the chief goal of his visit to Kazakhstan was to promote cooperation with that republic in the field of military training, science and technology.

Gelkhan also conferred Monday with Kazakhstan's Deputy Premier Tulegen Zhukeev, defense, industry, and trade ministers and visited a number of arms plants in Almaty. He is scheduled to meet with Prime Minister Sergey Tereshenko Tuesday.

Presidential Spokesman on Latest Staff Reshuffle

LD0808164494 Moscow INTERFAX in English 1432 GMT 8 Aug 94

[From the "Presidential Bulletin" feature No. 151 (641) by Nikolay Zherebtsov, Andrey Petrovskiy and edited by Vladimir Shishlin]

[Text] In an exclusive interview with Interfax the head of the president's office Altay Tleuberdin has spoken of the latest reshuffle in the staff of the head of state.

He said the changes are prompted primarily by the need to strengthen the presidential administration by people in the know of home policy and economics. Therefore now the office of Nursultan Nazarbayev includes a group of advisors and aides in different spheres.

Gulzhan Karagulova, lecturing on economics at Almaty University, was appointed the presidential aide for economic reforms. The spokesman said Karagulova who is known for her striking television appearances and publications was involved in the developing the programs for privatization and the formation of the securities market.

A new post of an assistant for ethnic relations was introduced and given to Aleksandr Shtopel who used to work in the home policy section of the government staff. Tleuberdin said he had good relations with all public associations, movements and religious communities.

Tulegen Abdzikov, a playwright who used to work at the Writers' Union, became the culture and art advisor.

The former councillor for family affairs and women's problems Roza Kenzhetayeva was given additional powers: now she is in charge of all social matters.

According to Tleuberdin, advisors on defence and legal matters will be appointed in the nearest future.

The spokesman said all the candidates were chosen by Nazarbayev himself, have direct access to the president and full freedom within their competence. In his opinion it is too early to speak of the degree of their possible influence on the president. Tleuberdin stressed they were all professionals with a high sense of civic responsibility.

The head of the office went on to say that he keeps his old duties of an economics advisor. This is my main duty, he said. (Before joining Nazarbayev's staff Tleuberdin who is a graduate of the Almaty School of Economics, worked at the State Planning Committee and for Vice-President Yerik Asanbayev as his advisor.)

Tleuberdin said that at the moment the president has concentrated on economic, primarily farming problems. IF Note: A few days ago the head of state held a conference on harvesting problems. Nazarbayev said harvesting would be very difficult this year. He said Kazakhstan should rely only on itself. In condition of financial difficulties and fuel problems great efforts will be needed to reach self-reliance in food, form state reserves and have grain for exports.

The head of the office stressed that the president is not overlooking privatization, financial matters, support for entrepreneurship etc. "He tries not to neglect a single major problem without scattering his attention or trying to tackle everything at once," Tleuberdin summed up.

Joint Venture Upgrades Baykonur Facilities

MK0908103594 Moscow SEGODNYA in Russian 9 Aug 94 p 3

[Unattributed report: "Infrastructure for Launching Western Satellites Being Set Up at Baykonur"]

[Text] The Lockheed-Khrunichev-Energiya joint venture, which is engaged in the marketing of "Proton," Russia's most reliable rocket, is setting up the infrastructure required for launching Western satellites from the Baykonur space center. It was said at a regular meeting of the Lockheed-Khrunichev-Energiya joint venture's board of directors that the Russian side has already spent $1.5 million to create the requisite transportation infrastructure and to upgrade the fuelling and oxidizer supply systems for commercial Western satellites, and also to improve living conditions at the Baykonur space center. The Lockheed-Khrunichev-Energiya joint venture has received a package of orders from large Western companies for commercial launches, which has been estimated at $1 billion.

Tajikistan

UN, CSCE Say Dushanbe Seeks To Obstruct Talks

MK0608095594 Moscow NEZAVISIMAYA GAZETA in Russian 6 Aug 94 pp 1, 3

[Oleg Panfilov report in the "Tajikistan" column: "The UN Accuses Tajikistan Authorities of Thwarting Negotiations. In Moscow, Otakhon Latifi Has Been Attacked"]

[Text] As NEZAVISIMAYA GAZETA reported earlier, Ramiro Piris-Ballon, UN General secretary's special envoy on Tajikistan; Vladimir Goryachev, a UN official; Olivye Rua, head of the CSCE mission in Dushanbe; and Stanley Escudero, U.S. ambassador to Tajikistan [names as transliterated], urgently met in Moscow for consultations. Liviu Bota [as transliterated], head of the UN mission in Tajikistan, was also urgently summoned from Switzerland where he was vacationing. The hastiness of this meeting of diplomats dealing with Tajikistan was dictated by the situation in the republic. In the course of two previous meetings, consultations were held at the U.S. Embassy in Russia and the UN Moscow mission's information center.

The UN position on actions by Tajikistan authorities, who decided to hold a referendum on a new constitution and presidential elections, has become known. Piris-Ballon said in particular that he is "disappointed by the Tajikistan Supreme Soviet's decision, and his concern is shared by the world community, and the CSCE." Therefore, he said, it was decided not to go to Dushanbe because the CSCE and the UN general secretary expect certainty in the current situation. He also stated that he is "concerned over the actions by the opposition, but they do not surprise him," and that preparations for the third round of negotiations have been postponed.

"I see no reason for holding it," Piris-Ballon said. "The government has done everything to thwart the talks, and we hope, with Russia's help, to prevent such actions by the Tajikistan government. I wrote a letter to Emomali Rakhmonov asking him to take measures to build confidence with the opposition, but have so far received no answer. Therefore the general secretary and I have decided to postpone the negotiations."

On Friday and Saturday consultations are to be held by the U.S. ambassadors in Russia and Tajikistan, and also a meeting between Piris-Ballon and the Russian Foreign Affairs Ministry leadership with the aim of clarifying its position. As is known, Aleksandr Oblov, the Russian Foreign Affairs Ministry's special envoy, who is an official observer at the inter-Tajik talks, had arrived in Dushanbe several days before the Tajikistan Supreme Soviet began the session which made the decision to hold a referendum and presidential elections. However he did nothing to prevent the Supreme Soviet decision which contradicts the protocol signed by the delegations in Moscow in April. Moreover, officials at the Russian embassy in Dushanbe were surprised by his positive reaction to the Supreme Soviet's decision, although it is well known that it violates the principles of the negotiations and undoes the UN efforts to stabilize the situation in Tajikistan. Piris-Ballon expressed his indignation over the fact that the question of negotiations was not even raised at the Supreme Soviet session, as though there were none. U.S. Ambassador Stanley Escudero, for his part, invited the opposition to pool its efforts with the Leninabad Oblast authorities' and nominate a joint candidate for the elections. The opposition did not agree with this, believing that such a method of stabilization will, in all likelihood, lead to continuation of the war. During consultations between UN and CSCE diplomats and leaders of the Coordinating Center of Democratic Forces of Tajikistan in the CIS Countries, the latter proposed that the principle of negotiations be revised. In their opinion, if the talks are continued, they should be conducted by top officials: Emomali Rakhmonov, as head of the government delegation, and Said Abdullo Nuri, from the opposition. The government delegation should also include leaders of Leninabad and Khatlon Oblasts; Badakhshan, Tursunzade, and Gissar Rayons, and Dushanbe, as well as leaders of two ethnic communities: Uzbek and Russian. Representatives of the command of the coalition peacekeeping forces and Russian border guard troops in Tajikistan should also participate in the talks as observers. The negotiations should start with the discussion of the third block of questions: on the constitutional structure and political settlement, and only after this should a cease-fire agreement be signed. In this event, it is reasonable to consider even an agreement of full termination of hostilities.

Contradictions between Tajikistan's authorities and international organizations have taken on a rather strained character. For nearly one and a half months the authorities have not consulted with the CSCE mission in Dushanbe, and mission head Olivie Rua announced that the question of closing the office is now being considered. Moreover, contrary to news agency reports, no CSCE or UN officers have been sent to the area of Tavildary. The government only proposed a trip but before it even took place, it began to be reported as a fait accompli. Several weeks ago, CSCE sent a letter to Tajikistan's Foreign Minister, Rashid Alimov advising him of CSCE's opinion about the unacceptability of the text of the new constitution which for various reasons does not correspond to the principles of democracy. Contrary to this, Rashid Alimov is disseminating reports that he has received a positive response from the CSCE and the UN. The UN, the CSCE, and the Islamic Conference Organization are soon expected to sign a joint statement on the situation in Tajikistan.

After the Moscow consultative meetings, on 4 August at approximately 7 p.m., Otakhon Latifi, chairman of the Board of the Coordinating Center of Democratic Forces of Tajikistan in the CIS Countries, former chairman of the Tajikistan Union of Journalists, and vice premier of the government, was attacked outside the entrance to his apartment. Apparently two attackers struck Latifi on the head from behind, and when he lost consciousness, searched him. When he regained consciousness, he found his wallet and the copies of two UN and CSCE documents missing. Over the past few days Moscow police detained several refugees from Tajikistan. Including Khabib Sanginov, chairman of the Umed (Hope) Foundation for Assistance to Refugees and Forced Resettlers from Tajikistan; and poet Bozor Sobir, winner of a Tajikistan state prize.

Russian Colonel Killed by 'Unidentified Gunmen'

LD0908084794 Moscow ITAR-TASS in English 0709 GMT 9 Aug 94

[By ITAR-TASS correspondent Galina Gridneva]

[Text] Dushanbe August 9 TASS—Colonel Vladimir Kotsar, 44, instructor of the Tajik State University's military chair, was killed by unidentified gunmen right near his house in one of the suburban areas of the capital city Dushanbe today.

The press centre of the republic's Defense Ministry told TASS that Kotsar was shot down at about 6:00 in the morning, when he left his house for a walk with his dog. Criminals or criminal managed to escape.

Tajikistan's Interior Ministry has sent a quick response investigative group to examine details of the tragic incident.

Situation in Tavildara Rayon 'Still Tense'

LD0908102694 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 9 Aug 94

[Text] The situation in Tavildara rayon is still tense. Government forces are continuing military operations here to free soldiers who have been taken hostage. Occasional exchange of fire is taking place between government armed forces and opposition fighters. Security in the region is being overseen by government military forces.

Major Vasiliy Likholet, head of the Tajik Defense Ministry press office, told us this morning by telephone that the units and companies of the Tajik armed forces would not allow anti-government fighters to disrupt the people's peaceful lives.

Armenia

President Ter-Petrosyan Arrives in Washington

LD0708233094 Moscow ITAR-TASS World Service in Russian 2105 GMT 7 Aug 94

[By Andrey Loshchilin, ITAR-TASS correspondent]

[Excerpt] Washington, 8 August—On Sunday Armenian President Levon Ter-Petrosyan arrived in the Unites States on an official visit. He is accompanied by Vazgen Sargsyan, Armenian state minister of defense; Vahan Papazyan, head of the foreign political department; Armen Yegiazaryan and Levon Barkhudaryan, ministers of economics and finances, respectively; and Bagrat Asaturyan, chairman of the Central Bank. [passage omitted]

Visit To Focus on Humanitarian Aid

LD0908085594 Moscow ITAR-TASS in English 0756 GMT 9 Aug 94

[By ITAR-TASS correspondent Igor Borisenko]

[Text] Washington August 9 TASS—Armenian President Levon Ter-Petrosyan has arrived for an official working visit to the United States. He will meet U.S. President Bill Clinton at the White House today. Representatives of the Armenian community in the United States have been invited to attend the meeting. Ter-Petrosyan will also have talks with leaders of the two houses of the U.S. Congress, top officials of the International Monetary Fund and the World Bank. He will then tour the country, visiting Detroit, Boston, and Los Angeles.

"The main purpose of the visit is to strengthen mutual understanding and cooperation between the two countries," Armenian Ambassador to the United States Ruben Shugaryan told journalists. "We hope to develop both political and economic relations, which would help Armenia's successful transformation into a democratic state, based on a market economy."

ITAR-TASS has learned from members of the Armenian delegation that the talk in the White House would focus mainly on humanitarian aid to Armenia. They noted the fact that the U.S. Congress had allocated about 70 million U.S. dollars as aid to Armenia in the new fiscal year, thereby placing the republic "at the top of the list of CIS countries as regards the per capita volume of American aid". Moreover, the sides will probably discuss the situation in Nagorno-Karabakh. "Attempts to resolve the Karabakh problem were made by the CSCE 'Minsk Group', taking part in which is the United States," a representative of the Armenian delegation told ITAR-TASS. However, Russia has recently begun to play an especially active role in this process. Substantial progress was achieved in the settlement of the conflict thanks to its mediation". Stressing the need to draw up a "long-term plan for the settlement of the Karabakh conflict", the representative of the Armenian delegation expressed the hope that "the United States will play a constructive role in this process side by side with Russia".

Armenian-Azeri Peace Treaty May Be Ready 30 Aug

LD0908084194 Moscow ITAR-TASS World Service in Russian 0743 GMT 9 Aug 94

[By ITAR-TASS correspondent Lev Rumyantsev]

[Text] St. Petersburg, 9 Aug—The draft of an all-encompassing political treaty between Armenia and Azerbaijan will apparently be ready by the end of August, ITAR-TASS was told today by Babken Ararktsyan, chairman of the Armenian Supreme Council. He is presently in St. Petersburg.

Ararktsyan added that the agreement could be signed by both heads of state on 30 August, which "will signify the end of the Karabakh-Azerbaijan war."

He also expressed the hope that if by 30 August "for any technical reasons an Armenia-Azerbaijan treaty is not ready and signed, neither side will break the truce that has been in effect for over three months."

Babken Ararktsyan said "the political treaty entails a total cease-fire between the opposing sides, their disengagement by peacekeeping forces or observers, the lifting of the territorial blockade of Armenia in existence for over two years, and finally a phased withdrawal by Nagornyy-Karabakh units from the Azerbaijani lands occupied by them."

Asked how he sees the future status of Nagornyy-Karabakh, the Armenian speaker replied, "This is a matter for future negotiations between Azerbaijan, Armenia, and Nagornyy-Karabakh."

Araktsyan Meets Shumeyko; Russia Agrees on Loan

LD0808175594 St. Petersburg Fifth Channel Television Network in Russian 1530 GMT 8 Aug 94

[Text] [Announcer Aleksey Oliferuk] The ceremony dedicated to the end of the Goodwill Games has attracted a lot of famous politicians to St. Petersburg. This sports vacation has led to unofficial, but very important talks. At the Tavricheskiy Palace today, Armenian Supreme Council Chairman Babken Araktsyan has agreed to give an interview to our television company about the results of his meetings with Vladimir Shumeyko and Viktor Chernomyrdin.

[Begin Araktsyan recording] We signed an agreement between Armenia and Russia on granting Armenia a loan. The agreement will have to be ratified by the State Duma and the Armenian Supreme Council. Most of the credits allocated to us are intended for the restoration of an atomic power station in Armenia. As is known, Armenia has been finding itself in an economic blockade for over two years as regards this power station and it has a need for energy resources. [end recording]

[Oliferuk] At a meeting with Vladimir Shumeyko, the 50-year-old head of the Armenian Parliament who came to St. Petersburg with his wife and daughter, spoke about strengthening the role of the interparliamentary assembly in settling the Nagorno-Karabakh crisis. At the same time he highly assessed the Bishkek agreement, owing to which there have been no military actions in the Karabakh area for the past three months.

Parties Meet To Counter 'Leftist' Trend

944K2052C Yerevan RESPUBLIKA ARMENIYA in Russian 5 Aug 94 p 1

[Article by V. Stepanyan: "Will There Be a Consolidation?"]

[Text] The earmarked consolidation of leftist forces in the majority of republics of the former Union could lead to their activation in Armenia as well, which presents a real threat to its democratic conquests and achievements—such was the theme of the conference organized on 3 August in the staff headquarters of the Republic of Armenia Christian Democratic Union on its initiative. Participating in it were representatives of a number of parties of the republic (Armenian National Movement, National Self-Determination Association, Ramkavar Azatakan, National Democratic Union, and Republican), which today represent a real political force, not including the Armenian Revolutionary Federation Dashnaktsutyan. Also not represented at the meeting was the Communist Party of Armenia because it was not on the list of those invited.

The initiators of the conference did not intend to present a prepared program because they hoped to work and adopt decisions jointly. In order to surmount the crisis in the republic's political life, which could quite possibly lead to a loss Armenia's of independence and colonization, the parties spoke out in favor of joining forces with rightist leanings and holding such meetings regularly since, as Ashot Navasardyan put it, it is preferable to speak face to face than to "speak on a broken telephone." Eduard Yegoryan, presenting concrete tasks providing for political stability, advocated significant steps against the onslaught of "leftism": The creation of a right-wing bloc and a strong democratic system of the presidency and also a large-scale process of privatization. Such conferences will serve to reach consensus (in spite of ideological differences) in such issues as the economy, Artsakh, etc., which are of fateful significance to Armenia.

Those in attendance expressed concern about the intention of the Communist Party of Armenia to organize the collection of signatures of the republic population in support of restoration of the former Union. In this connection, forces "on the other side of the barricade" must reach accord and develop their strategic and tactical steps only after thinking about the forthcoming election campaign.

Having deemed the desire for unification a moral-psychological advancement and also a step toward the political culmination of the process of redistribution of forces in the republic political arena, participants in the roundtable reached a decision to meet again next Wednesday with the corresponding "baggage" and a previously determined concrete agenda.

Azerbaijan

Gasanov Meets With Turkish Energy Minister

NC0808194094 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 8 Aug 94

[Text] Today Azerbaijani Foreign Minister Gasan Gasanov received Turkey's Energy and Natural Resources Minister Veysel Atasoy, who is on an official visit to our republic.

[Unidentified reporter] In welcoming the Turkish guest, Gasan Gasanov said that his visit is of great importance for the Azerbaijani Republic.

The Turkish minister spoke of the necessity of further developing ties with Azerbaijan in the field of energy and natural resources.

The exploitation of the energy and natural resources of both countries was discussed during the meeting.

Turkish Ambassador to Azerbaijan Altan Karamanoglu was present at the meeting.

Arms Shipments From Turkey Continue

944K2052A Yerevan RESPUBLIKA ARMENIYA in Russian 5 Aug 94 p 1

[NOYAN TAPAN report: "Arms Shipments Continue"]

[Text] According to a report from the Nagorno-Karabakh Republic Department of Information and the Press, information radio monitoring reveals that more ammunition is still being shipped to Azerbaijan from Turkey, particularly artillery shells and antitank mines. More groups of Turkish instructors are coming to the Azerbaijan Army to instruct recruits. From the same sources it was learned that an agreement on reinforcing military assistance to Azerbaijan was reached during the course of the visit to Baku of the chief of the general staff of the Armed Forces of Turkey, General Gogan Gyunesh.

Musavat Head Scores 'Capitulation' on NKR

944K2052D Yerevan RESPUBLIKA ARMENIYA in Russian 5 Aug 94 p 1

[SNARK report: "'We Are Being Pushed Toward Capitulation'—Thinks Former Azerbaijan Republic Supreme Council Speaker"]

[Text] After the transfer of power in June 1993, Azerbaijan essentially became the country that was defeated in the Karabakh War. This is what the former speaker of the milli-majlis (parliament) of Azerbaijan, now chairman of the opposition Musavat Party, Isa Gambar, told SNARK.

In his opinion, in such a situation Armenia began to dictate its conditions to Azerbaijan. Moreover, he said, conditions began to be dictated to official Baku by Nagorno-Karabakh, also recognized as a party to the conflict, which is degrading to the Azerbaijan Republic.

If Baku does not recognize the Nagorno-Karabakh Republic, Isa Gambar asks, why are representatives of Nagorno-Karabakh placing their signatures on agreements on a par with Armenia and Azerbaijan?

In the words of the Musavat chairman, during the period when Elchibey was at the helm, Azerbaijan itself made demands and in many cases achieved what it wanted. Therefore, Gambar noted, the expected all-encompassing agreement on regulation of the conflict cannot be accepted by the people if it means Azerbaijan's capitulation. This must also be taken into account by present government circles and the external forces that are pushing Azerbaijan to agree to conditions that are degrading to it, Isa Gambar emphasized in an interview for the Azerbaijani Freedom radio service.

Commission Rejects Dialogue on War Prisoners

944K2052B Yerevan RESPUBLIKA ARMENIYA in Russian 5 Aug 94 p 1

[IATS MUNK report: "POW's Turned Over to Private Individuals"]

[Text] In spite of repeated proposals from the Nagorno-Karabakh Republic State Commission on Questions of POW's and Hostages and also MIA's, its chairman Aleksandr Agasaryan announced, today, when there is the hope of a prolonged truce in the region, the analogous Azerbaijani commission is doing everything it can to avoid direct dialogue. The fate of people of the Armenian nationality has been turned over to private individuals who bear no responsibility under the law or to the state. The refusal of the Azerbaijani state commission to reveal the lists and places of detention of Armenian hostages, in Agasaryan's opinion, has led to a situation where the majority of them have been denied access to representatives of international legal protection organizations and the media. According to the version publicized in the Azerbaijan press "concerning thousands of hostages held captive by Armenians," state bureaucrats of the Azerbaijani Republic are demanding five to seven Azerbaijanis in exchange for each Armenian, including women and children. Agasaryan thinks that all these efforts have been aimed at concealing the real number of their fighting men who have died and escalating interethnic hostility between the two peoples. But the Karabakh side, he concluded, is confirming its readiness to cooperate with the analogous Azerbaijani commission on the entire complex of questions regarding individuals under its care, since this involves such a delicate sphere of human rights protection as protection of the rights of POW's and hostages.

Lag in Foreign Investment Reported

NC0808194294 Baku TURAN in English 1654 GMT 8 Aug 94

[Text] Baku, August 8 (TURAN)—Direct foreign investments, deposited into Azerbaijan's economy total 4-5 percent of the country's requirements in this investments, TURAN was told by the Ministry of Economy.

According to specialists, problem of foreign investment's attraction is connected with imperfectness of legislative base, market infrastructure and inconvertibility of manat.

According to Ministry of Economy, up today direct foreign investments in Azerbaijan total 82 million dollars.

At the same time, the registration of foreign investments has not been adjusted yet in Azerbaijan, since it is very difficult to control the implementation of investment wishes, it means that foreign partners invest their money later, after the determination of their share in the Charter Fund (that is called the investment wish). The most part of investment wishes and real investments falls on producing consumer goods, oil and technical industry and among countries—on Turkey.

Trains With Foodstuffs Stopped on N. Caucasian Railway

NC0508203994 Baku TURAN in English 1717 GMT 5 Aug 94

[Text] Baku (August 6) TURAN—Over the past two weeks the traffic of trains travelling to Azerbaijan from North-Caucasian Railway is stopped due to worsening of political situation in the Chechen Republic. Approximately 4,000 cars with food products are piled up there, Deputy Chief of transporting service, Teymur Mamedov, told Turan.

Mamedov said that 200 cars with cotton and 100-150 cars with other products travelling to Great Britain are piled up at the North-Caucasian railway as well. According to Teymur Mamedov, the part of those products will be shipped to Azerbaijan through Krasnovodsk. "Azerbaijan will have to pay 5 million rubles more than for transportation by train", said Teymur Mamedov.

The losses of the Azeri railway over the past two months total 500 million manats and 300,000 dollars. Beginning in early year the losses total 1,5 billion rubles.

However, the talks between Azerbaijan and the Chechen Republic were unsuccessful, reports the same source.

Georgia

Shevardnadze Weekly Interview

LD0808121894 Tbilisi Radio Tbilisi Network in Georgian 0629 GMT 8 Aug 94

[Regular weekly interview with Georgian Council of State chairman Eduard Shevardnadze by Nato Oniani—live]

[Excerpts] [Oniani] Mr. Shevardnadze, last week the leaders of the popular movement "For Our Own Peaceful Abkhazia" have adopted an address to the leaders of the republic. The address says that the introduction of the Russian peacekeepers has not, so far, lived up to the expectations of the people and the authorities; that the Russian peacekeepers fail to control the territory of Gali rayon, that they are more on the side of the Abkhazians than the Georgians, and so on. Anyway, it begs a question why the Abkhaz process has become deadlocked and whether there is a connection with other events.

[Shevardnadze] The popular movement "For Our Own Peaceful Abkhazia" has expressed concern, and that concern is not groundless. I know the leaders of the movement and its principles. I am watching its development closely. There is much that is interesting and original in these principles. My concern over the delay of the process is natural. We are keeping in touch with the Russian competent bodies and their representatives; we are working in conjunction with the UN. It is important that the reinforced observers' team arrive here in good time. The UN Security Council adopted a decision on this about two weeks ago.

As for the peacekeeping forces, naturally, they have problems. To my knowledge, the process of clearing the territories of mines has turned out to be more complicated than we had bargained for. The situation in the Kodor Gorge must be mentioned here as well. The deployment of the Russian peacekeepers in the Kodori Gorge has not been implemented so far. Whether they establish bases or patrols there is another matter. Proceeding from this, the Moscow agreement has not been implemented and this is creating additional problems. On top of everything else, the Gudauta leadership's actions are targeted on wrecking the political process. Their recent boycotting of the Sochi meeting is a clear indicator of that.

It is expected that the main force of the peacekeeping mission, Russia, will become more active and take practical steps. I hope that the UN will become more active too, and a group of observers about whom I have talked earlier will be established.

In general, we are all caught up in the most complex and tense situation and I hope that they understand that in Russia. Still, I would like to stress that I am against taking radical and extremist actions despite the current tense situation. [passage omitted] Maybe one of these days I shall be able to give you a more specific answer to your question but for now I would not like to jump the gun.

[Oniani] How would you assess the current situation in Chechnya? Do you think that the danger which Georgian diplomats talked about at the 47th Session of the UN General Assembly in September is realistic? I mean the danger of a Caucasian war which could be triggered off by the motley religious, cultural, and ethnic background in this region. This could be the most complicated and devastating of all wars.

[Shevardnadze] My answer will be somewhat general. The processes under way once again indicate the fact that the Caucasus is one of the most complicated regions and appropriate attention must be paid to it. It was precisely this that I had in mind when I drew the attention of those present at the UN General Assembly session.

Unfortunately, the world does not know the Caucasus, therefore, settlement of the issues raised there gets interminably delayed.

As for the recent events in Chechnya, I agree with the statements by the Russian leaders who think that priority in overcoming the crisis must be given to political methods. I shall not be saying anything new, I suppose it is a simple truth, if I say that the people's support will be decisive. I trust that people's wisdom, far-sightedness and historical experience will have the final say in this region.

We are linked with bonds of ancient friendship with Chechnya and I would like to wish peace to our neighbors.

[Oniani] Speaking about Caucasia, last week the first international congress of mountain people was held in Nalchik. The Georgian delegation at the congress was quite big. How important will the Caucasian dialogue be for stabilization in our country? I remember that you had met [Armenian President] Mr. Ter-Petrosyan and [Azeri President] Mr. Aliyev. The process has already started. Does Georgia have strength to carry the weight of a peace-maker in the Caucasus and can it establish stability in the region?

[Shevardnadze] I welcome the Nalchik meeting. When I learned that the meeting would take place, we agreed that our delegation would be quite big and authoritative. I consider this dialogue as the beginning of a great movement. I would like to thank the organizers of the meeting, the hosts to our delegation, for their warm reception, businesslike dialogues and propositions. I am ready to hold a dialogue with every one of our northern neighbors. I welcome the Russian leadership's efforts for starting and developing the Caucasian dialogue. Undoubtedly, this dialogue has a bright future.

I said after Yeltsin's visit here that I hoped Russia would play a leading part in this dialogue and that it would participate in future meetings. The situation in the Caucasus will greatly influence the peace of the neighboring countries.

[Oniani] Mr. Shevardnadze, you visited Samtskhe-Javakheti [south-west Georgia, on the Turkish border], the town of Akhaltsikhe last week. You appointed your personal envoy there, Mr. Valeri Bakradze. Samtskhe-Javakheti could be seen as a microcosm of Georgia, a part which is very rich in resources but is in great hardship today. There is a good potential in this part of Georgia. On top of everything else, Georgian business is ignoring it. Probably, the day is near when Georgian businessmen will have to purchase in this region raw materials in dollars and at the international market price. Is the Georgian government working on a special economic programme in connection with south Georgia? What has to be done for the Georgian business to take an interest in this region?

[Shevardnadze] As far as concerns the structure to be created in Samtskhe-Javakheti, the main goal of our action is to take care of its population. Last year, just like this year, people lived in hardship but this part of Georgia went through a winter of hell. It is the richest part of our country and is being ignored in a certain sense, I mean that the central leadership cannot cope with the problems of every rayon and every inhabitant. [passage omitted]

[Oniani] Mr. Shevardnadze, you said at a meeting last week that a principled decision had been made in connection with the flotation of Agrobanki [private Georgian bank]. How important is this step for our economy? As you know, prior to this, a decision had been made to float a savings bank.

[Shevardnadze] Thank you for asking me this question. I will give you an extended answer. You will agree that out opponents are drumming into our heads endlessly that reforms are not being carried out in our country and that the authorities are conservative and nonreformist, and so on.

[Oniani] I am sorry to interrupt you but at the same meeting, [Vice Premier] Temur Basilia reprimanded the press for saying that the government is not taking measures.

[Shevardnadze] Yes, I remember Basilia's address. I would like to say a few words in this connection. We are reformists by nature. I mean the nucleus of the authorities. We give priority to action rather than words. I shall remind you both my opponents and radio-listeners the following: as soon as the flames of the civil war were put out, we started to carry out wide-scale, well-thought-out reforms taking into consideration every difficulty. These reforms which touched on nearly all spheres of economy were carried out in a very short period of time, several months. A state program for reforms has been worked out. I asked my colleagues to make a brief outline of the programme and publish it in the press so that my opponents could read it. [passage omitted]

At the moment, the flotation of Agrobanki and Industriabanki are on the agenda. The relevant documents will be published soon.

Measures for settling the coupon problem are being taken. We could not afford doing it before, now we have gradually came to this stage when we can resolve this issue. And, in short, the first stage of the introduction of the national currency is already on the agenda. It will be a difficult process but we shall have to go through it. We are seriously and fundamentally preparing for it. We are taking into consideration recommendations of the World Bank and the IMF.

Structural changes in the government will also take place. There may be changes in personnel as well but not like some people think that today they will get rid of certain people and replace them with others. [passage omitted]

[Oniani] And the last question, on Saturday the museum of Nodar Dumbadze [famous Georgian writer] was opened in Chokhatauri.

[Shevardnadze] It was a wonderful event, beautiful and useful for all of us. Unfortunately, I was not with my friends on that wonderful day. I wanted to be there very much. Besides state and public business, I had a special friendship with Nodar and I spoke about it in a TV program. He was one of the best and most colorful writers of our time. We all miss him and, first of all, I do. I congratulate the people of Chokhatauri on the opening of the museum. It sets a good example to all rayons to take care of their cultural heritage which is scattered throughout Georgia, somewhere it is conserved somewhere it is defaced. Georgia is so rich in cultural heritage. I think everybody should follow the example of Chokhatauri.

Ministry Says Troops Withdrawn From Kodor Gorge

LD0908130594 Moscow INTERFAX in English 1036 GMT 9 Aug 94

[Text] Georgian government troops were moved out of the Kodor Gorge in Abkhazia in full Monday, the Georgian Defence Ministry's press center told Interfax.

According to the Georgian Defence Minister's Assistant Guram Nikolaishvili, this report has been confirmed by an inspection commission comprising representatives of the Russian peacekeeping troops and UN observers.

"For our part, we have seen for ourselves," Nikolaishvili said, "that a unit of the Russian peacekeeping troops has taken up positions at Nizhnaya Lata and has started patrolling."

Patrolling the gorge and the pull-out of Georgian combatants are part of the cease-fire and troops disengagement accord, signed on May 14.

So far only militia units of Savans, local inhabitants, remain in the gorge, the only place in Abkhazia where Georgian government troops were still present.

Meanwhile, a spokesman for the Russian troops in Abkhazia, Lieutenant-Colonel Vitaliy Gerasimov has told an Interfax reporter that at this stage he cannot confirm the reported total Georgian troop withdrawal from the Kodor Gorge. He said senior Russian army officers and UN observers plan to fly there by helicopter on Tuesday to check this information.

UNHCR Official on Abkhaz Failure To Admit Refugees

LD0808195594 Tbilisi Radio Tbilisi Network in Georgian 1800 GMT 8 Aug 94

[Text] The Cabinet of Ministers press service reports that Georgian Prime Minister Otar Patsatsia met [first name indistinct] (Rahman), UNHCR [UN High Commissioner for Refugees] representative, in Georgia today. The discussion dealt with the results of the Sochi talks and problems relating to the return of refugees to Abkhazia.

The prime minister expressed certain displeasure with the UNHCR commission and its members. He said that Abkhazia is delaying the talks and making hay while the sun shines. Tens of thousands of refugees could return to Abkhazia spontaneously, which could lead to [word indistinct].

Mr (Rahman) gave the UN position, saying that Georgia was adhering to all clauses in the agreement. He stressed that if there were no concrete response from Abkhazia by 15 August, he would then file a report to the UN court [not further identified].

Shevardnadze Notes 'Procrastination' Over Abkhazia

LD0908135394 Moscow Russian Television Network in Russian 1200 GMT 9 Aug 94

[From the "Vesti" newscast]

[Text] Speaking on Georgian radio, the head of state Eduard Shevardnadze expressed a certain concern about the procrastination of the peace process in Abkhazia. Shevardnadze announced that he was in constant contact with representatives of Russia and expected the Russian side to respond soon to this question.

"I consider it necessary to step up the arrival of UN observers to the region, on which a decision was taken by the Security Council two weeks ago," Shevardnadze announced.

The Georgian leader said the actions of the Georgian leadership should be well-thought. It was necessary to rule out any kind of extreme steps in this field.

Assessing the events in Chechnya, Shevardnadze once again stressed that the Caucasus region was one of the most complex in the world, and he agreed with the Russian leadership that the conflicts should be resolved exclusively by political methods.

Patsatsia Views Economic Ties With Russia

AU0808200394 Tbilisi SVOBODNAYA GRUZIYA in Russian 26 Jul 94 p 2

["Report" by Republic of Georgia Prime Minister O.A. Patsatsia at the Russian-Georgian Conference on Economic Cooperation and Investments in Tbilisi on 21 July: "On the State of Economic Ties Between the Russian Federation and the Republic of Georgia and Immediate Prospects for Their Development"]

[Text] Ladies and gentlemen!

Dear guests!

The speech by Eduard Ambrosiyevich Shevardnadze at our conference, his assessment and evaluation of the current situation, the significance of Russian-Georgian relations that have entered a qualitatively new phase and the prospects and priorities regarding mutually advantageous cooperation in the sphere of the national economy against the background of economic reforms, and the implementation and development of market relations direct us to a concrete business-like conversation.

Indeed, words without deeds will get us nowhere.

The restoration of forcibly severed traditional ties calls for dynamic actions and concrete steps on our part.

This is known.

It is also known that, through the efforts of the leaders of our countries and by means of legislative and executive power, a wide legal and contractual field of action has been created that has already been sown with the first seeds of the deepening and improvement of bilateral relations.

During this period, a total of 35 intergovernmental agreements pertaining to various branches have been signed. Of these, the following can be viewed as being the most important in terms of contributing to the development of mutually advantageous economic relations:

—The Agreement between the Government of the Russian Federation and the Government of the Republic of Georgia on Free Trade Between the Two Countries; the protocol on withdrawal from the free trade regime attached to the Agreement between the Government of the Russian Federation and the Government of the Republic of Georgia on Free Trade of 3 February 1994;

—Agreements in various spheres on trade and economic cooperation for 1994; on cooperation and mutual assistance regarding questions pertaining to the observance of tax legislation.

The agreement on free trade opens up extensive opportunities for developing mutually advantageous economic ties insofar as artificial barriers are brought down on the path of the movement of goods. The restrictions contained in the agreement are partially compensated for by the Agreement on Trade and Economic Cooperation for 1994.

I would like to mention separately the signing in 1994 of agreements on cooperation in the sphere of culture and science and education and on scientific and technical cooperation, which are undoubtedly of great significance in terms of stimulating the development of the spiritual values of our peoples and revealing their creative and intellectual potential to the full.

During the last two years, the republic's leadership has been striving to achieve economic stability. With this goal, we have elaborated and adopted a program that defines macroeconomic policy and envisages structural and systemic changes and, consequently, by embracing social policy, an increase in the population's standard of living.

The general political background of the development of the state of affairs in Russia, the CIS republics, and separate regions of the former Union is such as to attract the attention of the international community. Therefore, an important factor in the political resolutions of problems will be the adoption of progressive economic measures in the CIS as a whole and in Georgia in particular.

It is known that a whole number of laws have been adopted in the sphere of the democratization of society and the liberalization of the economy; for example, on private ownership, privatization, foreign investments, and many others. This process is irreversible and is laying the foundations for a civilized state and society in accordance with international standards.

However, as experience shows, no programs alone are able to achieve these aims unless account is taken of the external situation and the integration of the economy with neighboring countries, first and foremost, Russia.

There is no need to expound in detail to the scientific and technological elite and experts represented at our conference what partnership there used to be between Russia and Georgia. However, I think it would be useful to recall some figures.

Just a few years ago, Georgia was importing, on a quota basis and directly from Russia, technical and consumer goods to the value of $1.8 billion and exporting to Russia goods worth $3.17 billion. We were importing from Russia about 80 percent of all petroleum products, about 90-92 percent of construction timber and sawn goods, up to 75 percent of all rolled metal products and steel and nonferrous metal pipes, cars and agricultural vehicles, tires for aviation and motor transport, bought-in components, and so forth.

Georgia used to export steel pipes for the oil and gas industry, ferroalloys, manganese ore, copper concentrate, wines and wine materials, early vegetables, fruits, mineral water, and so forth. The warehouse turnover of the Georgian State Committee for Material and Technical Supplies alone amounted to approximately $357 million and as much as $1.4 billion taking into account transit.

All the goods exported from Georgia were earmarked for such particularly important consumers in Russia as the agroindustrial complex, heavy and medium-sized engineering, the oil and gas industry, and the regions in the far north and elsewhere, and there was never an instance when Georgian suppliers did not fulfill their obligations.

As they say, what's past is past.

Against the background of known political processes, as throughout the whole postcommunist space, Georgian industry fell into decline. During the first quarter of 1994, compared with the corresponding period last year, there was a 55.6 percent drop in output. Out of 92 of the most important types of goods, during the first quarter of 1994 compared with the corresponding period last year, there was a drop in output in physical terms in 69 of these and 15 were not produced at all. There was a decline in the production of finished steel pipes, electric power, metal-cutting machine tools, instruments, automation equipment and spare parts for this, cement, and so forth. Although one can observe certain trends pointing to an increase in production of finished goods, specialists believe that output in the first six months will remain at the level for the first quarter.

A most serious situation has taken shape in agriculture, capital construction, and transport.

Economic stagnation is being aggravated by the uncontrollable inflation of the Georgian coupon and the general rise in prices. One can say that the situation is catastrophic. It is precisely for this reason—there are no ways of retreat—and because serious signs of stabilization and national accord have already appeared that it is essential for us to mobilize ourselves to the maximum in order to utilize all ways and means of overcoming the economic catastrophe.

Where can we look for real ways of salvation?

Together with others—in the closest contact with the CIS countries, taking into account the interests of each partner; in the further expansion and deepening of processes of integration aimed at establishing economic cooperation; in the formation of a new type of economic union without infringing upon the sovereign interests of the sides participating in it; in the creation of a free trade zone with a liberalized customs regime; in the strengthening of national currencies; in implementing a coordinated policy in the sphere of monetary and credit, currency, and financial relations, with the ultimate aim of transferring to a single-currency system based on a common (reserve) currency. These are some ways of emerging from the impasse.

This is in the future.

As regards now, in accordance with a market agreement concluded between the Government of the Russian Federation and the Government of the Republic of Georgia, the Federal Contract Corporation "Roskontract" and the Georgian Ministry of Trade and Material Supply signed an agreement in order to restore trade and economic ties in 1994. This agreement has started to operate. However, we cannot be satisfied with the pace at which it is being implemented. Suffice it to say that only 2.5 percent of the planned annual output has been realized.

We view such a situation to be abnormal and we will do everything in our power to ensure that the obligations assumed by us as partners will be fulfilled on time.

We can cite as an example of professional cooperation the joint work being done by the Russian power engineering and electrification joint-stock company and "Gruzenergo." Having maintained existing ties, they are gradually increasing and enriching them.

A joint enterprise specializing in the exploitation of power facilities under mutually advantageous conditions has been set up for the first time between the branches of the two countries; joint research work is being conducted and programs are being elaborated to develop the power-building and other branches.

The main thing is that, on the initiative of our Russian colleagues, Russia, Armenia, Azerbaijan, Turkey, and Georgia plan to create a single power space on the basis of a control system for the Transcaucasus.

It should be pointed out that joint enterprises and joint-stock companies are already functioning or will very soon begin to function in Moscow and Tbilisi. The practical work of the aforementioned "Roskontrakt" and the Georgian Ministry of Trade is significant in this direction.

Further.

In order to attract Russian capital into the Georgian economy and the interest of Russian entrepreneurs in restoring existing industrial capacities, it would be expedient, given the technical credit supplied by Russia, to transfer to them a part of the shares of privatized industrial enterprises and organizations, especially in view of the fact that such enterprises as the electric locomotive construction factory are cooperating technologically with Russian enterprises and the goods produced are earmarked for their market.

Functioning in extreme conditions, our industry has produced goods to the value of $12 million dollars. Leading enterprises have been able to produce goods of such value to the national economy as finished rolled metal products (19,700 tonnes), various steel pipes (8,700 tonnes), manganese ore (1,100 tonnes), a main-line electric locomotive, metal-cutting machine tools (46 items), submersible electric motors (80 items), agricultural trucks (49 items), mineral fertilizers (3,400 tonnes), and so forth. All this has become possible due to the fact that our leading enterprises have been able to maintain direct economic ties with both related enterprises and others involved in cooperation. This should be welcomed because, given the absence of full-fledged banking operations, the barter and clearing operations being conducted, which are archaic forms of market relations, have in no way been able to satisfy the current demands of enterprises regarding materials and bought-in components.

I think it is now appropriate to touch upon the following question.

In order to renew cooperation and trade, it is essential to support physical and legal entities with primary working capital. By allocating this year the corresponding credit and using it effectively, there will be the opportunity to provide the initial impulse and revive industry with the subsequent delivery of industrial goods to interested Russian partners. Following the first cooperative turnover, trade and economic relations will be strengthened in an automatic [word indistinct], by relying upon the corresponding legal base.

It is stated in our conference's presentation leaflet that this meeting is being convened with the aim of implementing in practice the agreements in the sphere of economic cooperation that were reached during the course of the official visit made by Russian President B.N. Yeltsin to Georgia on 3 February of this year. In this respect, our work with the Russian Government along priority lines of the national economy is of interest.

As early as in March of this year, we proposed to Mr. V.S. Chernomyrdin, chairman of the Russian Federation Council of Ministers, that close contacts be established between the agroindustrial complexes of our two countries.

Our intentions to implement various programs aimed at restoring and expanding traditional ties in the processing of agricultural goods, the branches of the food industry and animal breeding and fishing, the exchange of scientific and technical literature, publications, and documents, the creation of joint enterprises, and the expansion of agricultural production and the food industry, and other mutually advantageous directions according to principles of integration and cooperation were heard and supported.

The Russian Federation Ministry of Agriculture and Foodstuffs and [Agriculture] Minister V.N. Khlystun expressed their deep interest in expanding and strengthening ties between agroindustrialists of our two countries and elaborated and sent us their proposals regarding this.

A draft agreement relating to this question has now been prepared. If it is signed, this far-reaching document will mark the beginning of real cooperation between the agroindustrial complexes of Georgia and the Russian Federation, and it is wholly possible that it will serve as a good stimulus for establishing new industrial and economic relations between other branches of the national economies of our countries.

The historical process by which former Union republics regain their sovereignty is characterized also by certain secondary phenomena. Thus, for example, given the universal process of integration and the removal of barriers, including along borders, the introduction of a single monetary system for making settlements, and so forth, our countries are obliged to start from scratch as far as customs relations and services are concerned.

We welcome the fact that cooperation has begun between many structures of state management in the branch of science, technology, and education, the sphere of the defense of legal rights and that of legislation, and customs duty departments.

Not only is the mutual exchange of information, cadres, and so forth envisaged, but also joint work in the sphere of the creation of civilized normative acts in order to avoid dual taxation, the violation of customs requirements of neighboring countries, and so forth.

It clearly will not be anything original on my part if I propose the creation of a standing Georgian-Russian intergovernmental commission composed of groups of experts—the representatives of financial, banking, and economic structures, the customs service, transport, and individual branches of industry.

Of the multitude of questions with which this commission will have to deal, it would be expedient in the first place to direct your attention to the following.

The creation of a single economic space within the framework of the CIS, including a free trade zone, is connected with the gradual removal of customs barriers on the basis of mutual benefit, which demands that we adopt the corresponding legislative and legal acts in the sphere of tariffs, quotas, and duties. In this regard, it is a matter of urgency to organize payment and currency unions and implement coordinated measures in order to ensure the mutual convertibility of national currencies. The resolution of these questions will contribute to the creation of real preconditions for the free and mutually beneficial transfer of capital and its effective use in various spheres of the economies of the CIS states, as this is the custom throughout the whole civilized world.

The processes of integration should be combined with the development of commodity and stock exchanges in our countries and the free circulation of securities on them. The practical resolution of these questions calls for the elaboration of the corresponding legal and normative documentation on the mutual recognition of securities and the mechanism for their circulation on stock markets in the Republic of Georgia and the Russian Federation.

Separate mention should be made of Georgia's scientific-research potential.

Obviously one of the most successful examples of the nonstate coordination of activities of representatives of the industrial sphere is the Russian Union of Industrialists and Entrepreneurs [RUIE]. Incidentally, the Scientific-Industrial Union of Georgia [SIUG] is also a member of the International Congress of Industrialists and Entrepreneurs.

If today's conference is partly the fruit of the labors of the RUIE, as has already been said here, while expressing our gratitude to it, we should point out that the SIUG is not making full use of friendly and business relations with the RUIE.

We would recommend that the SIUG leadership make more use of their Russian colleagues in the matter of organizing the coordinated protection of the interests of the republic's commodity producers.

It should be admitted that we have not been able to create in our time the most necessary conditions for the SIUG. However, it can now be stated that the head of state has already issued instructions on resolving the problems of the SIUG. We hope that the new leadership of the SIUG will expand its activities.

The activities of the Georgian Engineering Academy are gathering pace; here the cream of our scientific and technical intelligentsia is united under the leadership of Academy President Mr. Iveri Varlamovich Prangishvili. They have submitted to the republic's leadership a program for emerging from the crisis and interesting proposals in the sphere of power engineering, scientific and technological progress, and so forth.

The support of the technical intelligentsia and also the entire academic system is a matter of priority for the Georgian government. At the same time, we have a right to expect from our scientists concrete work and serious proposals in the business of restoring research-and-production ties between Russia and Georgia.

The Georgian Academy of Sciences has enormous experience in such work. Many scientific and research and technological centers that have been in existence and labored alongside one another for years are ready to develop active mutually beneficial scientific cooperation. It is our conviction that it would not only be unjustified, but also disastrous if both sides—the Georgian Academy of Sciences and the Russian Academy of Sciences—did not use these opportunities.

In this connection, I will give one example: The Sukhumi Physical-Technical Institute, a powerful research and technological center, has a fairly sizable reputation in the scientific world and the defense complex. On account of the well-known [Abkhazian] conflict and following the Sukhumi events, the Institute is today trying to operate in Tbilisi without a scientific and technical base and the necessary resources. We believe that it is of specific interest to our Russian colleagues and we hope their support will help us to put this scientific establishment back on its feet.

It is possible to do this by means of industrial and scientific cooperation.

We welcome the initiative of the Georgian Engineering Academy that has secured a concrete agreement in the sphere of information technology between our republics. We hope that this step will be supported by the SIUG and the RUIE.

After all, the Rustavi metallurgical combine, which produces pipes for Russian oil-extracting organizations, has achieved such contacts; there are horizontal ties between the Zestafoni ferroalloy factory and its related enterprises. However, I am afraid we are not satisfied and we ask our scientific and technical and industrial enterprises to extend such ties and achieve broad integration between industrialists, including those in both the state and nascent private sector of the Russian and Georgian economies.

I would like to point out that the planned structural changes in the republic's industry, first and foremost in branch and subbranch management bodies, are not an aim in themselves, but their purpose is to form what are called transnational companies in the West: We are trying to get our republican concerns, corporations, and individual large leading enterprises to become members of related Russian structures, thereby creating a mutually beneficial process.

Incidentally, on the personal initiative of Eduard Ambrosiyevich, branch concerns are being formed in the republic that encompass the whole cycle—from idea to implementation and service. These progressive shifts in the structural policy of management should help local industrial units stand on their own feet in a short period of time on whose basis traditional economic ties between the industrialists of our two countries will be able to be restored.

The republic's government will continue to support actively such a policy of forming branch concerns and it is our hope that they will be of benefit to us.

A little about traditions and history.

Russia is preparing to celebrate the 50th anniversary of the victory over Hitler's fascists. Many countries will be celebrating the 50th anniversary of this famous date. Georgia also has every right to do so. Our people performed great military exploits and feats of labor both at the front and in the rear: The republic's enterprises produced a significant amount of military equipment, weapons, and ammunition, which was done again in cooperation with Russian enterprises while our ports, clinics, resorts, and almost the entire resource potential, starting with manganese, served the front, served a single military program. This experience continued during time of peace. We are counting on the victory of the sensible part of society, on being free of mistakes, and on establishing sound economic ties especially with the RUIE.

Obviously, in the RUIE we see not only friendly leaders, but also leaders of international progressive forces that express their interests; we personally respect Mr. Arkadiy Ivanovich Volskiy [RUIE president] for his outstanding knowledge of the economy and the interests of the managerial corps, his diplomatic abilities, and, naturally, his sincere and kindhearted attitude to our country.

I support the view that "entrepreneurs are capable of leading the country out of the impasse" and believe that it is essential to heed their advise and use their experience during the elaboration of draft laws or government decisions. However, at the same time, I feel obliged to draw the attention of entrepreneurs to the following: It can only be a question of civilized enterprises and cultured methods of activity on their part.

I am convinced that the alliance between the government and entrepreneurs is capable of overcoming the economic stagnation. Only then will the economy serve the improvement of the state and society and only then will it be possible to make rational use of all the resources in the CIS in order to halt the slide toward economic catastrophe and ensure a move toward normal democracy and integration in the world economic system.

It is no secret that it is not only our peoples who are observing the development of political, economic, and perhaps personal relations between our leaders, governments, and political and economic forces. The Georgian people, in their overwhelming majority, are demanding that the government establishes direct intergovernmental economic ties, which this conference will and should serve [to promote] for the future.

Thank you.

Estonia

Russian Tank Transport May Cause 'Dangerous Conflicts'

WS0908112194 Tallinn BNS in English 0910 GMT 9 Aug 94

[Text] Tallinn, Aug 09, BNS—Under an agreement with Russian troops, the tanks to be taken out of Estonia must be transported from military units to port on trailers so they wouldn't damage roads. Yesterday, however, two tanks rolled into the former Russian naval base of Paldiski west of Tallinn under their own steam, the Defense Ministry press service told BNS.

The Paldiski harbor guard wouldn't allow the tanks on the territory of the port and the vehicles returned to Klooga. A checkup showed that the tanks were back in the territory of the military unit located there.

A Russian tank was involved in another incident at the Paldiski South Port yesterday. The engine of one of the eight tanks awaiting loading there was started and the tank then for about half an hour circled the territory of the port. The Russian side said they'd had to start the engine to warm it up.

The Defense Ministry press service said the incidents show that the command of the 144th division of the Russian Army doesn't maintain sufficient control over the loading operations. The disorganized work habits may lead to dangerous conflicts, the Defense Ministry warned.

Russian Troop Withdrawal By Rail on Schedule

LD0808150694 Tallinn Radio Tallinn Network in Estonian 1100 GMT 8 Aug 94

[Excerpt] Trains carrying the property of the Russian army are leaving Estonia as planned. There are some delays caused by securing loads on platform cars and by customs formalities, but there were no great deviations from the schedule last week. [passage omitted]

Kazakh President Nazarbayev Arrives in Tallinn

LD0808012394 Moscow Radio Rossii Network in Russian 0000 GMT 8 Aug 94

[Text] Nursultan Nazarbayev, president of Kazakhstan, arrived in Estonia on an official visit last night [Sunday]. The official greeting ceremony will take place in the residence of Lennart Meri, head of the Estonian state.

A few days ago, (?the press reported that) the Estonian Foreign Ministry said the President of Kazakhstan had informed it quite unexpectedly of his decision to visit the republic and that the Estonian side would now not manage to finish the draft treaty between the two countries on transit. Nazarbayev's interest in the prospects of such cooperation can be seen from the composition of the delegation and also from the planned visit by the delegation from Kazakhstan of Estonian maritime ports. At the end of the visit, the President of Kazakhstan will set off for Lithuanian.

Kazakh, Estonian Presidents Sign Statement

LD0808145494 Moscow INTERFAX in English 1400 GMT 8 Aug 94

[Text] Kazakh President Nursultan Nazarbayev and his Estonian counterpart Lennart Meri signed a joint statement on basic principles of their bilateral relations in Tallinn Monday.

The two sides agreed to hold regular talks and consultations on trade and economic relations, to speed up talks on a trade agreement between the two countries and to work for agreements on surface and air transit across Russia.

The two presidents expressed their desire to create a favorable legal climate for mutual investments and joint ventures and for cooperation between the customs services.

Kazakhstan and Estonia agreed to set up diplomatic missions on each others' territories. The two states intend to draft a bilateral consular convention.

Estonia welcomed the Kazakh initiative to set up a Eurasian Union while Kazakhstan supported Estonia's desire to integrate into European structures as soon as possible.

In a briefing that followed the signing ceremony Nazarbayev emphasized the importance of Estonia's Baltic ports to his country.

Narzabayev explained that the Eurasian Union would not replace the CIS or, in his words, "what existed before 1991."

He emphasized that the Union's draft charter called for economic and other kinds of cooperation in the entire Eurasian region, not only among CIS member nations. Nazarbayev said that China and South Asian and East European countries had shown interest in the Eurasian Union.

Nazarbayev visited the Tallinn passenger port and the merchant port of Muuga not far from the Estonian capital. He flies to Vilnius tonight for the next stopover on his Baltic tour.

Cooperation With Kazakhstan To Expand

WS0908111794 Tallinn BNS in English 1517 GMT 8 Aug 94

[Text] Tallinn, Aug 08, BNS—Estonia and Kazakhstan intend to expand all-around cooperation in accordance with the agreement on mutual understanding and cooperation signed last month in the Kazakh capital, Almaty, Presidents Nursultan Nazarbayev of Kazakhstan and Lennart Meri of Estonia affirm in a joint statement issued today.

To strengthen stability and develop mutually advantageous economic and commercial relations, the two countries plan to hold regular talks and consultations on the level of presidents, heads of government, ministries and state agencies. The parties will speed up the drafting of an agreement on trade to expand commercial and economic cooperation and solve the issues concerning transit through Russia by bilateral negotiations. Estonia and Kazakhstan intend to speed up establishing legal premises for mutual investments and for setting up joint ventures.

The two countries are going to considerably expand cooperation in science, culture and education, open diplomatic representations in Tallinn and Almaty, and prepare a consular convention. They intend to regularly exchange information about approved legislation and enforcement of laws, and help each other in the fields of criminal, civil, family and economic law.

Meri assured that Estonia welcomes Kazakhstan's plans for a Eurasian union. The Kazakh president, on his part, said that his country regards with understanding Estonia's bid for closer integration into Europe.

Nazarbayev stated that his negotiations with Meri today confirmed "the similarity of the two parties' positions" in one of the most important issues: both Estonia and Kazakhstan must speed up their integration into the world's political and economic institutions.

"Kazakhstan attaches great importance to shaping international relations in the Eurasian continent. This fully meets our geopolitical interests, as our country is situated on the border between the two continents, forming a unique bridge between Europe and Asia," the Kazakh president said.

Nazarbayev arrived on an official visit to Estonia late on Sunday. He proceeds tonight to Vilnius and continues Aug. 10 to the Ukrainian capital, Kiev.

Russia Unlikely To Mark Border Soon

WS0908105094 Tallinn BNS in English 1805 GMT 8 Aug 94

[Text] Tallinn, Aug 08, BNS—Tarmo Kouts, director general of the Estonian Border Guard Department, doesn't believe Russia will start unilaterally marking its border with Estonia without previously informing the Estonian border guard of the step. Kouts told BNS today that at present Russians are not marking the border.

Saturday's issue of the Tallinn-based Russian-language newspaper ESTONIYA wrote with reference to Viktor Zvonkov, an official of Russia's Pskov regional administration, that Russian authorities had begun to mark the border in the Leningrad and the Pskov region. Estonia still disputes Russia's right to those border territories, which under the 1920 Tartu Peace Treaty were transferred to Estonia. Russia, on the other hand, regards the Tartu treaty as void and maintains that the areas in question are ancient Russian territories.

The ITAR-TASS news agency reported that Russia plans to start work on the border with topographic preparations and cutting paths in the forest. Moscow is going to put up over 1,000 boundary posts on the 466-kilometer-long land border between the two countries, the agency informed.

Kouts said, however, that topographic work on the boundary isn't the same as marking the border. "Marking the border is physical work on the borderline, such as putting up boundary posts," he insisted.

Kouts told BNS the aim of statements to the effect that unilateral marking of the border is about to begin is to put pressure on Estonia. "Yet, clearly, if the Russian border guard has got the money to mark the border, they'll have to use it," he noted.

Colonel General Andrei Nikolayev, the chief of Russia's border guard forces, said at the end of last month that the Russian parliament should set aside for strengthening the Russian-Estonian border as much as 37 percent of the 2.2 quintillion rubles appropriated for the border guard.

If Russia should start unilaterally marking the border, the Border Guard Department would immediately alert the Foreign Ministry that would then issue a relevant note, Kouts assured. Under the decree President Boris Yeltsin signed in June Russia's border with Estonia must be marked by Dec. 31, 1994.

Deputy Condemns Russian Marking of Border

WS0908105194 Tallinn BNS in English 1517 GMT 8 Aug 94

[Text] Tallinn, Aug 08, BNS—Estonia should make an official protest at the United Nations against Russia's activity in connection with the unilateral marking of the Estonian-Russian border, MP Vardo Rumessen, a member of the Estonian National Independence Party [ENIP], said while picketing Russian naval headquarters in Tallinn today. "This is aggression," Rumessen stated. "The ENIP protests against the unilateral marking of the border." Rumessen called on European Union member states not to recognize Russia's activity on the temporary borderline with Estonia.

Commenting on Russian retired officers living in Estonia, Rumessen said Russia must prove where and when the officers served. "Only after that should the (Estonian) government decide whether to issue residence permits to them," he maintained. In Rumessen's words, the ENIP must continue efforts towards having all Russian retired military sent out of Estonia. "The ENIP cannot accept that Russia may leave its fifth column behind here," he said.

Rumessen is of the opinion that his party should at present give top priority to getting Russia to apologize to

Estonia for the 50 years of Soviet occupation of the country. Heino Noor, a member of the commission for investigating the former Soviet Union's repressive policies, claimed Russian military pensioners in Estonia form the reserve of the empire, who participated in the genocide against the Estonian people.

The pickets at the Russian naval headquarters in Tallinn on Mondays demand the unconditional withdrawal of Russian troops from Estonia by Aug. 31, 1994. There are 23 days to go till the deadline. The pickets are organized by the Estonian National Independence Party.

No Residence Permits Issued to Russian Ex-Servicemen

LD0808112294 Tallinn Radio Tallinn Network in Estonian 1500 GMT 5 Aug 94

[Text] Servicemen of the Russian Army who retired before 20 August 1991 and their family members have not been granted a single residence permit in Estonia. (?This has been reported) by Ulle Ainola, of the [word indistinct] office at the citizenship and immigration department. According to Ainola, retired servicemen and their family members have so far handed in a total of 578 applications for residence permits. According to Ainola, not one of those applications has been granted, because the government commission which will process such applications has not begun its work.

The issuance of residence permits was regulated by law in the summer of 1993, with the law on aliens adopted by the Riigikogu [parliament]. The procedure for issuing residence permits was laid down by a government decree in December of the same year. According to the decree, the government commission which will process applications for residence permits will be made up of the minister for population issues, the director general of the citizenship and immigration department, and representatives of the defense, interior, social affairs, and foreign ministries.

Over 1,000 Military Pensioners Apply for Residence

WS0808101894 Tallinn ETA in English 0732 GMT 8 Aug 94

[From 8 August HOMMIKULEHT, p 3; "News Bulletin" No. 151/94]

[Text] Monday, August 8—The director of Citizenship and Migration Office Mart Piiskop said that about a thousand applications for getting the residence rights have been given in by Russian military pensioners.

According to Mart Piiskop the military pensioners apply to the citizenship and migration office for getting the residence right. The office prepares the applications for government commission in cooperation with experts from the Defense Ministry.

In Piiskop's opinion the six membered commission has to be made up of the minister of population, director of citizenship and migration office, representatives of Foreign, Interior, Social and Defense Ministries.

The leader of the commission is Peeter Olesk who is the minister of population. According to him the commission has not received the list of military pensioners yet.

Olesk said that according to the contract for giving social guarantees to military pensioners signed in Moscow on July 26, Russia has to give Estonia the list of military pensioners in Estonia in 30 days, for August 25 that means [as published].

"The number of Russian military pensioners and members of their families is supposed to be about 40,000. But this is a relative number as many of these could be of Estonian nationality or have the Estonian citizenship already," marked Olesk.

The minister of population stressed that "the data has to be controlled as experiences have shown how inexact lists like that could be".

In Olesk's opinion the Russian side is not going to hide anything about the Russian militaries as that could give the Estonian side a possibility to declare them dangerous for our security. "The service and actions after retirement of military pensioners are explored in detail, but I do not consider right to suspect everybody," stressed Olesk.

Russian Residents To Form Political Party

WS0808101994 Tallinn ETA in English 0732 GMT 8 Aug 94

[From 8 August RAHVA HAAL, p 1; "News Bulletin" No. 151/94]

[Text] Monday, August 8—An initiative group has begun preparations to form a political party on the basis of the Representative Assembly of the Russian Population in Estonia. "There is not any question of it being a party based on ethnic grounds", a member of the Assembly's board, the Chairman of the Russian Democratic Movement Hanon Barabaner told.

According to Barabaner the Russian population needs this party "for analyzing its moves before the next general elections".

"Fortunately the forming of the parties could still be done under the law, in force until the elections, that determines the minimum membership as 200", Barabaner said. He told that forming the parties by smaller ethnical groups could become difficult in future, when the law determining the minimum 1,000 membership would come into force.

WEU Head Discusses Estonian Military

WS0808113694 Tallinn BNS in English 1831 GMT 5 Aug 94

[Text] Tallinn, Aug 05, BNS—Western European Union [WEU] Assembly President Sir Dudley Smith understands Estonia's fears arising from issuing residence permits to Russian military pensioners. Appearing at a press conference in Tallinn today, Smith emphasized that it is, however, only the younger retired military whom Estonia regards as a threat to its security that pose a problem in this context.

Smith reaffirmed WEU's intention to help Estonia to build up its "small but effective" defense forces by providing training opportunities and assistance in solving organizational questions. He didn't rule out that WEU may assist Estonia also in standardizing its military hardware.

"Europe's united defense system safeguards the stability of the greater Europe, but for this all European states must have a similar understanding of defense issues," Smith said.

The WEU Assembly president underlined that Estonia, an associated member of the European Union's defense organization, plays a not insignificant role in it compared to bigger countries. "Even states a lot smaller than Estonia have played an important role in the European Union," Smith emphasized.

The WEU official agreed that only a democratic Russia can provide Estonia with full security guarantees. He assured that he frowns on Russia's bid to enter WEU and NATO as a full member. "I believe most members of the WEU Assembly support me in this," Smith told BNS.

Smith didn't perceive Russia as a threat to European stability at present. "The threat today mainly emanates from the south of Europe and Asia, as the countries there are able to prepare certain surprises," Smith told BNS.

The WEU Assembly president is also against proposals to extend the Conference on Security and Cooperation in Europe. He condemned Russian Foreign Minister Andrey Kozyrev's wish to subject all European security structures to CSCE. "CSCE is much too big and cumbersome to work successfully. The disintegration of the Soviet Union opened up new opportunities for WEU and also the United States is not opposed to a defense organization like WEU," Smith said.

The WEU Assembly president was on a three-day get-acquainted visit to Estonia. "During my year-long tenure I've tried to travel as widely as possible in Europe, including in the nine states that recently were given the associated member status with WEU," he said.

Smith met during the visit with Prime Minister Mart Laar, Defense Minister Enn Tupp, and members of the parliamentary foreign affairs commission. He also visited the former Russian naval training base of Paldiski near Tallinn. "My impressions from Paldiski lead me to believe that Russia will most probably remove its machinery and equipment from there by September 1995 as the Russian-Estonian accords stipulate. In future Paldiski might become a successful commercial and tourist venue," the WEU Assembly president said.

UK Minister Hogg Discusses Security Guarantees

LD0508121594 Tallinn Radio Tallinn Network in Estonian 1600 GMT 4 Aug 94

[Text] Douglas Hurd, the British minister of state [for foreign and Commonwealth affairs], who is visiting Estonia, acknowledged to members of the Riigikogu's foreign commission that only a democratic Russia is able to provide full security guarantees to Estonia, Latvia, and Lithuania.

Hurd found that the Baltic states' membership of European security organizations will enable only the Estonian safety barrier to be raised. [sentence as heard] During his meeting with members of the Riigikogu's foreign commission, predominantly Estonian security issues as well as (?Estonian) membership of international organizations, including the European Union, were dealt with.

Foreign Commission Chairman Vello Saatpalu, Deputy Chairman Eino Tamm, Riigikogu member Trivimi Velliste, and Minister of State Douglas Hurd concluded unanimously that the question of Estonia becoming a full member of the EU will be an issue for the next century, once Estonia has attained sufficient economic preparation.

Estonian ambassador to Britain Raivo Sinijarv also attended the meeting. This was reported to the BALTIC NEWS SERVICE by the Riigikogu's press service.

Hogg 'Satisfied' With Visit

WS0808102394 Tallinn BNS in English 1609 GMT 5 Aug 94

[Text] Tallinn, Aug 05, BNS—British State Minister Douglas Hurd ended today his visit to Estonia. He told reporters at the Tallinn Airport prior to his departure that he was satisfied with the visit. "This was my second stay in Tallinn. I came here first in September 1991," he noted.

Hurd had meetings with Prime Minister Mart Laar, Foreign Minister Juri Luik, and members of the parliamentary foreign affairs commission. In his words, he emphasized everywhere that only a democratic Russia can provide Estonia, Latvia and Lithuania with full security guarantees. The British minister was of the opinion that the agreements Estonia recently concluded with Moscow are very good and advantageous for Estonia. He also considered it very important that both states' parliaments should ratify the accords. It would benefit both Estonians and Russians, Hurd said.

In Hurd's words, he was pleased with the progress of the Estonian economy. "Comparing Estonia's economy today with what I saw three years ago, I can see great advances," the British minister underscored.

CPI Growth by 2.8 Percent Reported for Jul

WS0808090394 Tallinn BNS in English 1330 GMT 5 Aug 94

[Text] Tallinn, Aug 05, BNS—The consumer price index [CPI] increased last month by 2.8 percent in comparison with June, the Estonian Statistics Department told BNS.

The biggest rise hit housing expenditures, which went up by 10.9 percent, followed by housekeeping with 2.6 percent and various goods and services with a 2.3-percent increase. The rise in the prices for most categories of goods, services and foods ranged from 0.2 to 1.6 percent.

On the other hand, fruits and vegetables fell by 6.2 percent, dairy products and eggs by 2.4 percent, and fats by 2.3 percent. Expenditures on leisure dropped by 0.1 percent.

Goods and services cost in July an average of 50.1 percent more than last year.

Latvia

Embassy in Moscow Criticizes Yeltsin Remarks

LD0508115994 Moscow INTERFAX in English 1011 GMT 5 Aug 94

[Text] The Latvian Embassy in Russia has said that there is no ethnic discrimination in Latvia.

"Since November 18, 1918, when Latvia declared its statehood, our country has accumulated a positive European experience in the integration of people of different nationalities and confessions over the de-facto independence period between the two world wars," says the report of the embassy's press service. The report was circulated on Friday in connection with Russian President Yeltsin's statement concerning Latvia on August 4, in which he said that the authorities in Riga had given ethnic discrimination the force of law.

The document says that "inhabitants of all nationalities of the Latvian Republic will feel only deep regret if measures are taken, not through Latvia's fault, which violate cooperation in different spheres about which understanding was reached at the meeting of the two countries' presidents on April 30, 1994, in the Kremlin."

"Latvia is sure," says the document, "that the favorable development of relations among all countries which defeated totalitarianism, will be carried out on a civilized basis through mutual respect."

Withdrawal of Russian Army Proceeds With Delays

LD0808193994 Riga Radio Riga Network in Latvian 1700 GMT 8 Aug 94

[Text] Several Russian Army units stationed in Latvia are not being withdrawn within the time-scale provided by the schedule submitted by the Russian side, Ludis Pavilonis, deputy head of the Latvian bureau for monitoring the withdrawal of the Russian Army reported today. He added that the withdrawal of the 482nd Russian Motor Rifle Regiment from Aluksne was behind schedule most of all. According to the schedule it had to be withdrawn by 30 July. The command of the Russian Northwestern Group of Forces now promises to withdraw this regiment from Latvia by 20 August.

In addition, the withdrawal of the Russian Army units and military facilities stationed at Adazi and Dobele is behind by approximately a week. Russian representatives have not given a specific explanation to the bureau of the reasons for the delay in the withdrawal. Other Russian Army units though, gradually continue to leave Latvia.

Some 63 Russian Army units and military facilities were in Latvia on 1 August. Most of them are stationed in Riga and Riga district.

Western European Union President Arrives

LD0808151794 Riga Radio Riga Network in Latvian 1300 GMT 8 Aug 94

[Text] Sir Dudley Smith, president of the Western European Union [WEU] Assembly, has arrived in Latvia. The aim of his visit is to discuss Latvia's participation in the NATO program Partnership for Peace, to familiarize himself with Latvian public opinion on European security issues, and to promote closer ties between the WEU and Latvia.

We remind you here that the status of associated partner was granted to Latvia in the WEU at the beginning of May.

During his visit, Sir Dudley Smith will meet with parliamentary Speaker Anatolijs Gorbunovs, Saeima deputies, Martins Virsis, the parliamentary secretary at the Ministry of Foreign Affairs, and Defense Minister Valdis Pavlovskis. On Wednesday he will visit the Skrunda radar station and hold a news conference.

Latvian Way Ready for Coalition With LNNK

LD0808184494 Riga Radio Riga Network in Latvian 1800 GMT 8 Aug 94

[Text] The Latvian Way is ready to form a coalition government with the Latvia National Independence Movement [LNNK], Anjrejs Pantelejevs, chairman of the Latvian Way parliamentary group, reported today. During consultations between the LNNK and the Latvian Way which took place on Sunday, Andrjs Krastins, candidate for the post of prime minister, proposed forming a government whose work would be based on a cooperation agreement between the Latvian Way and the LNNK.

As Pantelejevs reported, the Latvian Way will be ready to cooperate with the LNNK, if the LNNK agrees to the

Latvian Way's requirements which have to be included in the cooperation agreement. As the main requirements, Pantelejevs mentioned political requirements which are related to the irrevocability of the citizenship law and the ratification of the Russian-Latvian agreements in the Saeima. Other political requirements touch on an agreement on the passing of a law on foreigners and non-citizens in a form acceptable for the two groups, the irrevocability of the civil law, and the promise not to put forward to the Saeima the law prohibiting [word indistinct].

Visiting Experts To Endorse CE Membership

WS0808105094 Tallinn BNS in English 1831 GMT 5 Aug 94

[Text] Riga, Aug 05, BNS—The Council of Europe [CE] experts, visiting Latvia this week, will endorse Latvia's acceptance to their organization because its legislation complies with the CE standards, said mission member Friedrich Vogel. The experts, however, cannot directly influence the process because the final decision rests with the CE Parliamentary Assembly, Vogel told reporters Friday.

The Latvian citizenship law provides an efficient basis for naturalization of non-citizens, said delegation head Ole Espersen. He also recognized the need for adequate Cabinet regulations to implement the norms.

The law's Article 20 on compulsory language skills should not be interpreted as a barrier for the expansion of the body of citizens—the regulating norms should be sufficiently liberal and reasonable, Espersen said. In Espersen's words, the Latvian Government should ensure the needed language training to enable non-citizens to meet the requirements of the citizenship law.

Commenting on Russian President Boris Yeltsin's Aug. 4 statement, Espersen said it did not surprise him because naturalization cannot take place instantaneously as Russia would like to see.

On the other hand, if the language requirements are exaggerated, they may start to resemble a new quota principle, he noted.

Vogel maintained Yeltsin's statement would not affect his report in the CE parliament because the Latvian citizenship law offers favorable measures for reaching political detente.

The experts noted that there are separate cases in Latvia when the rights of non-citizens have been discriminated against but they said it is not a general attitude. As reported, the experts are scheduled to report on the Latvian situation in September to enable their organization to decide on Latvia's acceptance.

Lithuania

Landsbergis: Yeltsin Trying To Split Baltics

LD0808155094 Vilnius Radio Vilnius Network in Lithuanian 1300 GMT 8 Aug 94

[Text] Vytautas Landsbergis, leader of the right-wing opposition in the Lithuanian Seimas [parliament], believes the Russian president is trying to prevent Latvia from joining the European Council and to split the Baltic states.

In a statement issued today, Vytautas Landsbergis says a strictly worded statement directed against Latvia which was disseminated by Russian President Boris Yeltsin last week concerning the Latvian law on citizenship is aimed at all three Baltic states.

According to the opposition leader, there could be several interpretations of the reproaches made by the Russian president concerning the amended Latvian law on citizenship, which has also been approved by international organizations. It seems that Russia will first try to block Latvia's joining the European Council this fall, and then it will make a sham concession asking that both countries be admitted at the same time, the opposition leader's statement stressed.

At a news conference held this morning, Vytautas Landsbergis noted that when Latvia becomes a member of the European Council all three Baltic countries will be members of this organization; Russia, however, does not have a chance of joining the European Council this year and, according to Landsbergis, the Russian leaders do not like this.

The opposition leader's statement also points out that the Russian president's warning that the situation could be destabilized throughout the Baltic region was made in the hope of introducing a split among the Baltic countries and in the expectation that perhaps one of them will not support Latvia.

The advisers who proposed that the Russian president adopt this diplomatic style have done him a disservice, however, because things would be much worse if a competition of anti-Baltic statements became firmly established among top Russian political circles in the approach to presidential elections, Vytautas Landsbergis stressed.

Polish Defense Minister Arrives, Holds Talks on NATO

WS0808135694 Tallinn BNS in English 1408 GMT 8 Aug 94

[Text] Vilnius, Aug 08, BNS—Polish Defense Minister Piotr Kolodziejczyk arrived in Vilnius Monday on the first day of his two-day official visit to Lithuania. Kolodziejczyk's talks with Lithuanian officials are expected to focus largely on the two states' moves toward full membership in NATO.

The Polish defense minister Monday met his Lithuanian counterpart, Linas Linkevicius, and the chairman of the Lithuanian parliament, Ceslovas Jursenas. On Tuesday the Polish defense minister has scheduled meetings with Adolfas Slezevicius, Lithuanian prime minister, Albinas Januska, deputy foreign minister, and the leaders of the Lithuanian working group drawing up Lithuania's plan for participation in the NATO Partnership for Peace programme. Lithuania and Poland are both members of Alliance's Partnership for Peace programme and are aiming at full membership in the organization.

Lithuania and Poland signed an agreement in June, 1994, providing for annual exchanges of the Defense Ministers of the two states. The present talks will also cover the organization of joint military exercises and cooperation in the training of military experts. The Lithuanian side expects to receive consultations by Polish specialists on the formation of military police and peacekeeping forces.

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